





## DM 1bn aid plan for W. German ship industries

By Adrian Dicks

BONN—The way now appears open for the hard-pressed West German shipbuilding and shipping industries to receive additional government assistance that could total more than DM 1bn (£270m) in order to ensure their survival during the next three to four lean years.

Chancellor Helmut Schmidt cleared away the last major obstacle to a DM 600m scheme for the shipyards yesterday afternoon, when he won over Herr Erhard Albrecht, the Christian Democratic state premier of lower Saxony.

The Bonn government has been insisting that no programme could go ahead without the four coastal states' contributing one-third of the cost. Herr Albrecht had demurred at this, arguing that mixed state and federal responsibility would only make it harder to arrange a further restructuring of the industry which the Bonn Economics Ministry also wishes to bring about.

During a private meeting with Herr Albrecht, the Chancellor also agreed that the federal government would contribute DM 200m towards the heavy security

and running costs of the proposed Gorleben facility for storage of high-level nuclear waste materials in underground salt caverns. Herr Albrecht's government in Hanover has not yet, however, taken a final decision on whether it will allow the facility to "go ahead".

The DM 600m shipyards programme is intended to strengthen German shipbuilders in their strongest suit, the construction of high-value, special purpose vessels.

The draft programme appears to accept the industry's own analysis that the years 1980-82 will see the bottom of the world shipbuilding slump. After this, the German yards' modernisation and diversification moves are expected to place them well to benefit from a fresh upturn in orders.

Final details of the aid plan will be settled at a Cabinet meeting on January 17, when details are also expected to be announced of a plan to make up to DM 500m available to West German shipowners in loans and interest rate assistance. This should help them over a liquidity problem that is already acute in some cases.

## Emminger warns of EMS difficulties for the dollar

By Jonathan Carr

BONN—Dr. Otmar Emminger, the President of the Bundesbank, has said that ultimately it is up to the United States whether or not the new European monetary system (EMS) brings disadvantages for the dollar.

In an interview with the weekly Deutsche Zeitung, Dr. Emminger noted that on his recent visit to Bonn Mr. Michael Blumenthal, the American Treasury Secretary, had judged the EMS positively.

But the Bundesbank president added that if in the long term the Europeans achieved more price stability while the Americans had insufficient success in the inflation battle, some dollar holders might instead orientate themselves on the EMS.

Dr. Emminger made it quite clear that although the decision on changes in parties within the EMS lay with national Governments, the Bundesbank had no intention of allowing its

money supply policy to be undermined.

He pointed out that the Bundesbank would approach the Government with its own proposals if it felt such a development was occurring. In any case the Government itself had no interest in seeing the EMS undermine West German monetary stability.

But Dr. Emminger added that in an emergency the Bundesbank would not content itself with speaking privately. It would go before the public with raised finger and warn of the dangers. "One should have any doubts about our determination on this issue," Dr. Emminger said.

He did not believe that the question of a currency realignment within the EMS would become "acute" in 1979. But should the moment come for such a realignment, he hoped the participating countries had not learned from the past and would not delay necessary action on prestige grounds.

## Paris delay 'fault of CAP'

By Robert Mauthner

PARIS—France does not intend to delay the introduction of the European Monetary System on January 1 as the result of its dispute with West Germany over agricultural problems, but only its application to the Common Agricultural Policy, French officials stressed here yesterday.

Up to now, the Germans have refused to accept the French demand that monetary compensation amounts which are subsidies and levies paid on intra-Community farm trade to offset the effect on prices of currency fluctuations, should be phased out within a year.

As a result, M. Pierre Ménégaud, the French Agriculture Minister, told his part-

ners in Brussels that the new European Currency Unit (ECU), to be created when the EMS comes into effect would not be used as the numeraire for the calculation of common farm prices until agreement was reached on the whole subject with the Germans and France's other partners.

The French hope that a compromise will be reached at the next meeting of EEC Agriculture Ministers on January 15. Although vague threats have been made by various French Ministers that the quarrel over the agricultural policy and the introduction of EMS were "closely linked," these apparently referred only to agricultural aspects of the system.

## Gaullists act to block suspension

By David White

PARIS—The Gaullists in France's centre-right coalition government yesterday formed a united front to stop M. Alain Peyrefitte, the Justice Minister, being suspended from the party.

The declaration of support for M. Peyrefitte, issued by the remnants of 10 Cabinet Ministers and Secretaries of State who belong to the Gaullist Rassemblement pour la République (RPR), provides the party leader, M. Jacques Chirac, with the most serious challenge yet to the unity of his Gaullist movement.

On Wednesday, a majority of party officials in the Seine-Marne department, where M. Peyrefitte has his constituency, voted to suspend the Justice Minister for six months. The measure was in response to M. Peyrefitte's letter to Gaullist deputies last week, criticising M. Chirac's attacks on the Government's European policy.

The Gaullist members of the Government gave their unequivocal support to M. Peyrefitte and said they regretted the sanction against him, which has still to be confirmed by the party's central committee.

In effect, they are asking M. Chirac, whose leadership has been under fire from some other prominent Gaullists, to overrule the suspension order in the interests of keeping the party together.

This would be a serious step-down for M. Chirac, who wrote to M. Peyrefitte at the weekend suggesting he resign from the RPR. M. Peyrefitte is a former secretary-general of the UDR, the party which upholds the Gaullist banner until it became the RPR two years ago.

Yesterday's declaration marked a starking out of position by the party's pro-Gaullists after M. Chirac had tried to negotiate a truce by promising the Government not to undermine its parliamentary majority.

In a letter to M. Raymond Barre, the Prime Minister, on Tuesday, M. Chirac said the European argument would be thrashed out in the direct European elections in June, rather than in a censure motion in the National Assembly, where the Gaullists hold 155 of the 491 seats.

## French remove ban on Dany le Rouge

By David White

PARIS—Daniel Cohn-Bendit is free to return to France for the first time since he emerged as a leader of the 1968 revolt of Paris students. The French Minister, the Interior Minister, has lifted a ban imposed on M. Cohn-Bendit 10 years ago.

Now 32, M. Cohn-Bendit is French-born of German Jewish immigrant parents, but was excluded from France because he held a West German passport.

"Dany le Rouge," leader of the short-lived Movement of March 22 at Nanterre University, where the student troubles first exploded, was expelled on May 22 at the height of the disturbances, but returned clandestinely on May 28.

## Rome crumbles before the tourist hordes

By Paul Betts

ROME—The second decline and fall of the Roman Empire, with obvious repercussions not only for the country's historical and cultural heritage but for the more mundane booming tourist business, appears to be underway.

A cancer which afflicts marble, or more specifically the sinister effects of residues of tetra-ethyl lead from air pollution and car exhausts added to the city's crescendo of traffic vibrations, are steadily and irreversibly destroying a large number of Ancient Rome's finest monuments.

Already last month fragments from the Antonine Column dropped to the ground in Piazza Colonna in the heart of Rome only yards from the

main gateway of Palazzo Chigi, the seat of the Italian Prime Minister. The 30 metres high column was erected between AD 171 and 175 to celebrate the victories of the Emperor Marcus Aurelius Antoninus over the Germans and the Marcomans.

The Trajan Column with its 17 marble blocks and 2,500 engraved figures overlooking the Trajan Forum and the Wedding Cake Monument of Victor Emmanuel the Second is also at risk. So are Rome's three main triumphal arches of Constantine, alongside the Colosseum, of Septimius Severus and of Titus in the ancient Roman forum as are many other monuments like the temple of Antoninus and Faustina.

The extent of the threat was

grimly illustrated yesterday by Prof. Adriano La Regina, Superintendent for the city's ancient monuments, to the National Council of Art and Culture. He said the extent of the risks were as great as those facing the Acropolis in Athens. Indeed, they were on a much broader scale as they involved the entire city.

If measures were not immediately adopted, there was the danger that Romans in the next century would be surrounded by "shapeless masses of broken marble." He claimed "research and surveys on the monuments in the centre of Rome have shown beyond doubt that within a few decades all documentation of the city's past history and art will be lost."

It was too late to repair the damage already suffered by several monuments. "We can only try to prevent the damage spreading," Prof. La Regina said. "It was necessary," he suggested, to close to the public all the main monuments in the historic centre of Rome at the same time as banning cars and electrifying public transport. No cost should be spared if the fractures appearing in many monuments are to be controlled.

Although a barrier has now been erected around the Antonine Column, cars in typically Roman fashion still circle round the square, much in the same way as they do together with the increasing number of air-conditioned tourist buses cause traffic jams in other

parts of the historic centre where the City authorities have attempted to limit traffic.

Three are, of course, conflicting interests—especially between conservationists and tourist operators—and the whole complex network of businesses associated with the tourist trade, which brought in this year some £5,000m according to official figures released yesterday.

In a city like Florence where the centre has been closed to traffic to protect the cathedral and Giotto's Campanile, tourist buses, nonetheless, are still allowed to park alongside the Duomo. In Venice, the Socialist Mayor, Sig. Mario Rigo, has suggested many statues should be replaced by dummies if they are to be saved.

## Ireland to abolish tax holiday

By Glen Morris

BRUSSELS—Ireland is to abolish the controversial tax holiday scheme for exporting industries that has long used as a magnet for foreign investment. Instead of the tax relief on export earnings, which was due to expire in 1980, Ireland is introducing a comparable incentive of slashing corporation tax that will run until the year 2000.

The Irish measures waiving taxes on exporting industry have been a bone of contention between the Irish Republic and the EEC Commission since accession in 1973. Agreement has now been reached, following a meeting in Brussels between Mr. Desmond O'Malley, the Republic's Industry Minister, and EEC Competition Commissioner M. Raymond Vouel, on a time scale for the phasing out of the selective tax holiday system.

The new system makes no distinction between exporting companies in Ireland or those whose sales are restricted to the domestic market. As of the New Year, manufacturing industry in the republic will be able to opt for the cuts that bring corporation tax down from an average level of 25 per cent to 10 per cent, and by January 1, 1981, the scheme becomes mandatory.

In the past, Ireland's export tax relief system has been one of the principal bonuses that the republic's Industrial Development Authority has used to attract foreign investment in its economic boom based on it. But Mr. O'Malley commented in Brussels, following his announcement of the corporation tax cuts, that the old tax holidays were now losing their attractiveness. Because they were due to expire in 1990 foreign investors had begun to find them less of an incentive, and Ireland was therefore happy to adopt a new scheme.

Our Dublin correspondent wrote that the Irish Government's negotiating tactics on the entry talks for the European Monetary System, and the terms it eventually accepted, came under attack when the Irish Parliament debated a motion to approve the Government's decision to join the new system on January 1.

The handling of the negotiations had damaged "the dignity of the Irish nation," according to Mr. Frank Chasker, the Labour Party leader, and he described the extra £50m which persuaded Prime Minister Jack Lynch to agree to join the system as "a disgrace."

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## Leading ETA hardliner murdered in France

By Robert Graham

MADRID—One of the leading hardliners within the radical Basque nationalist organisation ETA, Sr. Jose Miguel Beneyaran, was murdered yesterday in the French town of Anglet near Bayonne.

Sr. Beneyaran, known as "Argala," is said to have been responsible for the assassination of Admiral Carrero Blanco, the Spanish Premier, in December 1973. He is also alleged to have been responsible for a number of killings and bank robberies in the Basque country.

So far no one has claimed responsibility for the attack, carried out through a powerful bomb wired to the ignition system of "Argala's" car. Sr. Beneyaran was a leader of ETA, a group which contains those Basque separatists most committed to violence to achieve an independent Marxist state. His is the third in a series of deaths within ETA that appears related to internal vendettas.

Two days ago Sr. Joaquin Maria de Azola was found murdered in Algorta in Vizcaya

province. His death was believed connected to his revelation in a magazine that he informed the intelligence services of a 1974 plan to kidnap King Juan Carlos and hold him to ransom demanding Ptas 350m from France and the freeing of 100 political prisoners.

He said he disclosed the ETA plan, in which he was also due to participate, because he feared it would have negative consequences.

In July, 1975, a key ETA leader known as "Fertur" mysteriously disappeared. In what was first thought to be an extreme-right wing vengeance killing, some, however, suspected that "Argala" himself was responsible.

These last two assassinations come at a time when the Basque National Council has called for negotiations with ETA to end the violence in the Basque Country. The last known negotiations were held in secret in the summer of 1977, with the Government and senior military officers.

A series of strikes in strategic sectors of the economy are

expected over the Christmas period. An air controllers strike is scheduled for December 27 and 28, while today Iberia ground and auxiliary staff are expected to hold a 24-hour protest stoppage.

The strikes, in other transport sectors, in the Post Office and television, reflect growing irritation among the trades unions over the Government's apparent refusal to renew discussions on a 1979 wage pact.

The Government appears to be hoping that by enforcing a 12.5 per cent rise in the public sector, employers and trades unions will toe the line. However the unions are negotiating for at least a 16 per cent rise.

The Iberia strike could affect some 150,000 passengers but the Government is considering invoking special legislation that obliges a minimum of staff to man posts.

The strike stems from pilots and technical staff refusing to negotiate under the same wage agreement. Meanwhile a planned strike yesterday in the Canary Islands hotel industry was called off at the last minute.

## Codes now the main SALT talks issue

By Reginald Dale

GENEVA—Washington still hopes for "a very early agreement" with the Soviet Union on a new strategic arms limitation treaty (SALT 2). Mr. Cyrus Vance, the U.S. Secretary of State confirmed here yesterday. Mr. Vance said he hoped that his talks with Mr. Anatoly Gromyko, the Soviet Foreign Minister, might be the concluding session of the negotiations at Ministerial level.

U.S. officials said that the talks, which began yesterday morning, would continue "until we're through working." Only when SALT business was concluded, possibly tomorrow morning, would Mr. Vance fly to Brussels for his new round of Middle East peace negotiations with the Egyptian and Israeli Foreign Ministers. Mr. Vance stressed that he did not expect any agreement to be signed, or even initiated at the end of this meeting.

U.S. concern at the need to verify Soviet compliance with the treaty has now emerged as an outstanding issue.

## Turks call for West aid 'club'

By Melih Mami

ANKARA—Mr. Bulent Ecevit, the Turkish Prime Minister, has asked western states to form a club to salvage the stricken Turkish economy. His request is to be taken up in Guadalupe next month when France's President Giscard d'Estaing, the West German Chancellor Helmut Schmidt, Prime Minister James Callaghan of Britain and President Jimmy Carter meet at a summit.

What Mr. Ecevit has in mind is what a senior aide described as a "politically motivated loan mechanism."

The loans would be in the form of urgent emergency aid desperately needed by the Turkish economy starved for imports.

Although no figures are being quoted officially, the sum required would be more than \$1bn over the next five years to go towards meeting vital import requirements.

Turkish plans for 1979, for instance, call for \$1.7bn of "additional financing" to maintain a "reasonable level of development." The Turks are banking on raising \$500m from the Euromarket through a syndication loan which is currently in progress. The remaining \$1.2bn is what Mr. Ecevit is looking forward to receiving through the "politically motivated loan mechanism."

The loans would be politically motivated in the sense that they would enable Mr. Ecevit to prevent his country from slipping from economic to political and social chaos. The west, the Turks reason, would therefore benefit from not having a potential Iran on its hands.

The developments in Iran, with which Turkey has a 330 km border, seem to have added credibility to Mr. Ecevit's new move, according to his aide.

## Italian surplus

Italy had a provisional surplus of £244m (£199m) on its overall balance of payments in November, after a provisional October surplus of £175m, the Bank of Italy said. Reuter reports from Rome. In November last year, Italy had an overall surplus of £123m.

## Dutch deficit widens

Holland's visible trade deficit rose to £1 840m (£207m) in October from £1 546m in September and from £1 951m in October last year. Central Statistics Office figures show, Reuter reports from The Hague.

## Christmas out of the catalogue

By Guy Hawtin

RUPPERTSHAIN is girding up its loins for Christmas. The small village where we have lived for the past 24 years tends to take its holidays seriously and those who can will be off work from the weekend before Christmas until the day after New Year's day.

Christmas in West Germany is a family festival, accompanied by the usual ritual of over-eating and present-giving. The debauchery comes on New Year's Eve—Sylvester, as it is called—and there will be few in Ruppertsch, as the village is known in the local dialect, without a hangover on January 1.

While Christmas has always been an important festival in Germany, the post war American influence has been felt. "Jingle Bells" vies with "Silent Night" and the decorations in the Frankfurt stores appear to owe as much to the Macy's parade as to German tradition.

Be that as it may, the large Frankfurt stores, only about 15 miles away, tend to collect less from the Ruppertsch housewives than they do from the townies. The bus service is not up to much and many people, even the adventurous young, rarely visit the city.

Most people, of course, have cars. Even so, they tend to do their buying in Hoechst, which is part of greater Frankfurt, or the vast Main-Taunus shopping centre just outside it. The bulk of the village's shopping, however, appears to be done by mail order. Indeed, trade from Ruppertsch—which has just over 1,200 on the electoral register—

is so good that both Quelle and Otto Versand, the country's two largest mail order houses, have representative offices in the village.

Our neighbour, Gitta, has done all her shopping there: from the sweater for her husband to dolls for her daughter. Gitta is such a loyal customer of Quelle that she even ordered her spanking new bedroom suite by mail—mirrors and all. While the prospect terrified my wife, I have to report that it all arrived on time and in top-top order.

Mail order has always been good business in Germany as the figures of the leading groups show. The mail order branch is virtually the only one in the general retailing sector that has continued to report real sales growth since the oil crisis. The department stores reported real sales stagnating last year, while Quelle's sales were up 10.5 per cent and Otto's rose 8 per cent. Much the same is likely to be true this year.

Certainly, the mail order groups have been helped by the fact that the majority of Germans still live in villages and small towns where the choice in local stores is limited. The Laubs, who run the village general store, keep an amazing selection of merchandise on the shelves, from men's trousers to royal blue ink and from boiled ham to some of the most evil wiskies I have ever tasted. For a wider choice one has to go to Kelkheim, six miles away. Even then a search for anything out of the ordinary takes one further afield.

Gitta, who, like most housewives in Ruppertsch, keeps her budget under tight control, has a keen eye for prices. Mail order she says, offers the best value. Harking back to her days as a shop assistant, she shrewdly observes that they operate fully automated warehousing systems and do not have the same heavy staff overheads as the stores.

In a country where a 15-year-old junior trainee costs DM 800

wage earners' range. When it comes to Christmas fare, the village shops tend to do better. Herr Rudolph Neuhaus, our local butcher and one of the shrewdest small businessmen I have ever met, is looking forward to a profitable holiday season. Herr Neuhaus has two shops in the village and others in nearby communities. He runs his own slaughter house, and his son minds his

Shopping by mail order, even for presents, is a growing custom in West Germany. But village shopkeepers can still look forward to a profitable festival—and a share in the hangovers.

(£316) a month, plus fringe costs which add at least 75 per cent to wage overheads, this is an important saving. Furthermore, the mail order houses do not have the vast property overheads the stores have to bear. While the larger groups maintain representative offices and showrooms in villages and towns throughout the country, they do not have the burden of filling them with stocks.

The mail order houses are catching on fast in the larger towns and cities, and even the well-to-do in the Ruppertsch "Prominenz Viertel," or "Millionaires' Row," at the top of the mountain, are turning to the catalogues as the mail order group's trade up. Quelle, for instance, produces a fashion catalogue, the prices of which are well beyond the average

butcher's shop in Majorca serving German cuts to German tourists—who was it who said the Brits were a nation of shopkeepers?

Herr Neuhaus goes out there every now and then, but prefers to stay at home managing his shop and running his pub where Frau Neuhaus turns out one of the best Schnitzel in the Taunus region. His large Mercedes is a testament to the quality of his meat and the excellence of his sausages. But despite the superior flavour of his products, there are many Ruppertsch housewives who prefer to make the trip to one of the local supermarkets to buy inferior products at cheaper prices.

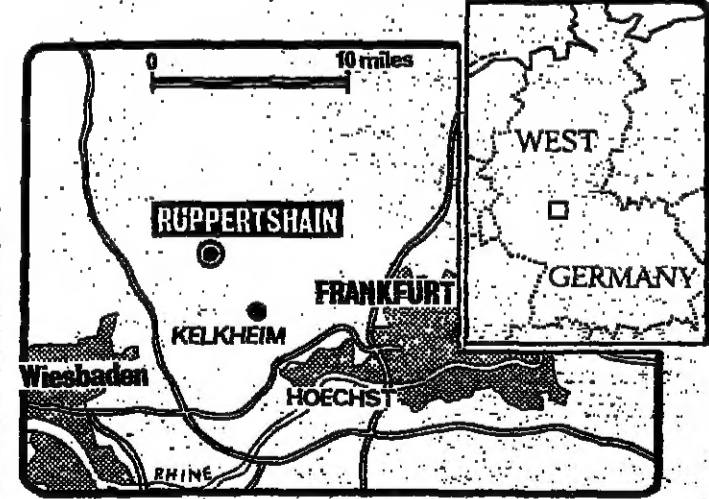
While this presents no threat to Herr Neuhaus, who artfully blazes the village with leaflets advertising his special offers

once a week, the supermarkets have wreaked havoc on the local shops. An acquaintance, who works for one of the country's largest household products manufacturers, told me that it was estimated that every time a "hypermarket" opened up about 30 small shopkeepers went out of business.

The pattern is all too apparent in Ruppertsch. The town sustains in addition to Herr Neuhaus's butcher's shops and the Laub's general store, two groceries, a florist and nursery, and another shop which sells all manner of things, including newspapers and cigarettes, as well as acting as agent for Toto-Lotto—the German equivalent of the football pools. There are also two excellent bakeries.

Only 10 years ago, there were many more small shops which have closed down as the owners retired or went out of business in the face of competition from the supermarkets. Gitta bemoans the passing of the shop which specialised in biscuits and fine confectionery but it does not stop her going out of town for much of her meat and groceries.

Who can blame her, when the prices charged in the village stores are often twice as high as those in the supermarkets? It is not that the small trader is making vast profits—his mark-ups have to be high to sustain his disproportionately greater overheads. The difficulty is that the supermarket chains can buy as cheaply as the wholesaling concerns that supply the small man.



This version of the English West Country's scrumptious elder has to be bought from the local pubs which make it themselves. Herr Neuhaus is very good, and so is Hedwig's at Zum Greener Wald. Herr Bonnet at Zur Rose also keeps a reasonable glass, though it is not quite up to the standard of the other two; his cooking makes up for that.

The holiday, of course, is one of the big times of the year for the local pubs, although Fasching, the Carnival season that really gets into swing between New Year and the start of Lent, accounts for much more in takings. Herr Bonnet, who has a dance hall attached to his pub, does better than most. The Lord only knows how many bottles of Sek—the sparkling wine which, in some of its former incarnations, one of the worst headaches known to man—he will sell at the New Year's Eve Ball. As most of Ruppertsch's will be there, the number will be substantial.

Celebrations started in earnest with the volunteer fire

brigade's annual Christmas party. It was a more restrained affair than usual as we were entertaining the local Burgermeister and leading fire brigade dignitaries who had come to present long service medals to two members.

Even on our best behaviour and tightly buttoned into gala uniforms, we managed to have a pretty convivial time. Food and drink flowed in plenty. St. Nicholas and his awful assistant, Knecht Ruprecht, arrived to berate the innocent and reward the unworthy. I received a case of beer and my wife one box of chocolates for putting up with my absence from home during practices; an another for helping to clear up next morning. However, we missed the home movies of 6000 Christmas bushes past, fire brigade open days, and, especially the films run backwards as the evening degenerated.

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# Palestinians hit in reprisal for border rocket attack

**BEIRUT** — An artillery duel raged across the Lebanese-Israeli border yesterday as Israeli gunners pounded the Moslem town of Nabatiyah about 20 miles from the border.

The shelling, described as the worst since the Israeli invasion of southern Lebanon last March, followed an early morning rocket attack by Palestinian guerrillas against the Israeli border town of Kiryat Shmona.

Palestinian spokesmen said the attack was in retaliation for Wednesday's air strike by Israeli warplanes against Palestinian groups and positions in the Tyne area on the southern Lebanese coast.

The Palestinians put their casualties at two dead and eleven wounded, most of whom were civilians. Press accounts from the field said the casualty figure is much higher.

Nabatiyah is the main centre for what is known as the Palestinian enclave located between the Zahran and Litani rivers. Palestinian guerrillas were concentrated there after they were pushed back from the border area by the invading Israeli forces in March.

The border sector is now controlled in one part by Israeli-equipped militia and in another by United Nations forces.

Observers noted that the rocket attack on Kiryat Shmona confirmed earlier reports that the guerrillas have managed to infiltrate behind UN lines. The reports said that about 200 combatants with heavy weapons and equipment are believed to be operating inside the UN-controlled zone.

The Palestine Liberation Organisation was reported to have promised earlier to dis-

# Egyptians rebut Israel statements

**CAIRO** — In a point-by-point rebuttal of Israeli statements made after the mediation effort last week by Mr. Cyrus Vance, the U.S. Secretary of State, Egyptian officials said the Israelis had changed their minds on several points, "either through wild interpretation or by simply reneging on their previous positions."

Mr. Mustapha Khalil, the Prime Minister, would attend this weekend's talks.

The Egyptians rebutted all five points raised by Mr. Menahem Begin, Israel's Prime Minister, earlier this week:

- Egypt wanted a change to Article Six because of Israel's subsequent interpretation that Egypt's obligation to Israel took precedence over other obligations.
- Egypt was emphatically not trying to establish guardianship of the Gaza Strip, but was seeking to ensure an orderly transfer of authority and free elections by the presence of a "liaison group" there.
- During the first four days of the peace talks, Egypt had said it wanted either side to have the right to call for a review of security arrangements in Sinai five years after the peace treaty was signed. This was sensible because such security arrangements as the positioning of UN forces, were intended as only temporary measures.
- Egypt had not hardened its line over a date for elections to a Palestinian authority in the Gaza Strip or the West Bank of authority.
- On Israeli claims that Egypt had put back the date for exchanging ambassadors, the officials said this had been contingent on Israel's previous agreement on accelerated withdrawal from Sinai.

# BANGLADESH ELECTION Easy win likely for Zia

**BY KEVIN RAFFERTY IN DACCA**

MOST OF Bangladesh's main opposition parties have threatened to boycott the January 27 general election, heralded as the country's "return to democracy."

Judging by the vigorous tone of the public pronouncements, what promised to be a confusion of names and parties and interests and splinter groups with electors facing lists of 20 or more candidates, looks like turning into a one-party show for the benefit of President Zia or Rahman.

Reality however is still there to be bagged over and horse-trading is continuing at meetings into the small hours of every morning. President Zia and his Bangladesh Nationalist Party need a good state of opposition candidates for the credibility of the return to democracy. The opposition need the election and parliamentary seats either for a share in power or to be in the reckoning when power changes hands.

The opposition have put forward a series of demands which they say must be met or they will boycott the election. The five main ones are the lifting of martial law, President Zia to resign from the army, the repeal of the fourth amendment to the 1972 constitution (establishing a one party state and a presidential system of government), freeing of political prisoners and Press freedom.



Prime Minister Zia ur Rahman

"It is not possible to lift martial law. It would leave a gap which only Parliament can fill."

He promised the elections would still be "absolutely fair," adding "it is important to go to the people and I am anxious that there should be exchanges of views. To form opinions it is necessary to talk to one another. Let the parties talk. The biggest success will be that Parliament is sitting there, elected by the people."

"I cannot do everything in this country. Nor can 10 fellows do everything. But everyone can do something."

The President said that Parliament would be sovereign, but his advisers are still working on the form of relationship between him and Parliament. The probability is of a revision of the fourth amendment to give the President the controlling hand, but allow Parliament to pass the laws and act as a general debating chamber.

Family ties

It is difficult to guess how many of the political parties would be won over by such a formula. The Dacca elite is small and close knit with family ties often both uniting and dividing protagonists. Bangladeshi pundits expect that all but a handful of parties will eventually contest the election, and even if they do not enter as party men, leading politicians will contest as individuals.

It is unlikely that President Zia will give up his post of commander in chief of the armed forces. His supporters point out that the U.S. President and most other heads of state in the world also head their country's armed forces. But the Bangladeshi President, though he has largely discarded his major general's uniform and rides in a modest Toyota instead of a two starred military jeep, still lives in the army cantonment.

One reason is undoubtedly that he wishes to make sure that he knows what is going on within the army. Although small and badly equipped the army represents a powerful force in Bangladesh—and more important believes it had the right to be an arbiter of power. One senior staff officer told me: "I fought to create this country and I am not going to see the politicians mess it up."

# Taipei doubt on U.S. sincerity

THE "de-recognition of Taiwan by the U.S. will inevitably produce some adverse effects on the island's economy in the short-term future, the Premier, Mr. Sun Yuan-sun, told a group of foreign correspondents yesterday. Whether the impact was more than temporary would depend on measures taken to safeguard Taiwan's security, the Premier added. Charles Smith reports from Taipei.

Mr. Sun said he doubted the sincerity of U.S. expressions of concern about Taiwanese security and wanted to see concrete steps taken by Washington to improve the situation. Taiwan had submitted "quite a long" arms shopping list which included new high performance aircraft and the Harpoon defensive missile. It had not yet received a positive answer from Washington.

# Zambia draws more IMF credit

**BY MICHAEL HOLMAN**

**LUSAKA** — Zambia has drawn a further SDR 25m from the two-year SDR 135m International Monetary Fund (IMF) programme agreed in March this year, a senior Bank of Zambia official said yesterday.

Drawings now total SDR 150m. The agreement provided for an immediate drawing of SDR 49m, under the compensatory finance facility, and the SDR 250m standby facility. SDR 50m was drawn when the agreement was signed in April, and a balance is being released quarterly, subject to fulfilment of IMF terms. A further SDR 15m from the trust fund is expected in early January.

The credit was provided at between 4.2 per cent and 4.7 per cent interest, and is repayable over three years, after two years' grace, with provision for rescheduling.

The programme's terms include progressive reduction of overall balance-of-payments deficits, to achieve balance in 1980, restraints on government spending, including cuts in consumer subsidies, reduction of losses in the mining industry and phased elimination of arrears in import and other payments.

Government officials say they have met IMF targets through the exercise of strict financial discipline. One exception has been the target for reduction of arrears in payments for imports and remittance of profits and dividends. The year-end target was SDR 450m, about 400m Kwacha.

Although the mid-year limit of 475m Kwacha was met, the backlog of copper exports knocked the economy seriously off course. The backlog is 80,000 tonnes (12 per cent of 1978 production and worth over 550m at today's prices), and as a result, arrears have climbed to about 500m Kwacha.

# Botha sets Namibia terms

**BY QUENTIN MEL**

**WINDHORE** — Mr. P. W. Botha, the South African Prime Minister, yesterday described the dangers to South Africa, including economic sanctions and a mounting guerrilla war, of an internal settlement without international recognition in Namibia (South West Africa).

At a closed session of the Namibian assembly, which was elected in a South African supervised poll boycotted by the major black nationalist groups, he explained how far his Government was prepared to go to seek an international acceptable settlement, and the "significant" was demanding from the UN to prevent forcible seizure of power by the guerrilla forces of the South West Africa People's Organisation (SWAPO).

The South African Prime Minister arrived at the Turnhalle building, where the assembly meets, in a black Cadillac, preceded by riot police armed with FN rifles and machine pistols, and accompanied by Mr. P. W. Botha, the South African Foreign Minister, Gen Magnus Malan, commander of the South African defence force, civil servants and diplomats.

The 50-member Assembly is dominated by the Democratic Turnhalle Alliance (DTA) which won a landslide victory in the South African-sponsored elections and which is decidedly unenthusiastic about a second election next year under UN supervision, as proposed by the UN Security Council.

Mr. Dirk Mudge, chairman of the DTA, yesterday laid down two essential preconditions to any such solution in the territory—a guarantee of the UN's role in the next round of elections, and additional guarantees of UN impartiality.

Members of the assembly remained silent on details of the discussion when they broke for lunch after 2½ hours, although Mr. Botha declared himself "satisfied" with the talks. Some delegates' questions were "more difficult than seemed on the surface," he said.

The presence of General Malan indicates that the military situation on the Namibian border and South Africa's commitments to defence of that territory in the event of a failure of present settlement efforts, was under discussion. South Africa has promised the five Western members of the UN Security Council to "use its best offices" to persuade the territory's internal leaders to opt for an international settlement, and UN-supervised elections. However, South African officials have stressed that no overt pressure will be put on the assembly to agree to a further poll.

Observers sympathetic to the South African Government think that Mr. Botha is doing his best to persuade the internal leaders of the need to achieve the widest possible international recognition, although not at the cost of what is described as "national suicide."

Less sympathetic observers are more sceptical, believing that the South African Government is not convinced of the benefit of a UN supervised poll, if there is any danger that SWAPO might emerge victorious. South African officials are apparently confident that the nationalist movement will itself "back out" of any election at the last minute.

SWAPO has described the exercise as a farce, but spokesmen here maintain that it is prepared to take part in a UN-supervised election as proposed by the Security Council.

# Civilian Cabinet setback in Iran

**BY SIMON HENDERSON**

**TEHRAN** — The National Front, Iran's main religious opposition, has refused to join a new civilian Cabinet now being canvassed as a replacement to the military-led administration of General Azhari.

The Front's refusal, along with the opposition of the religious leaders, makes it unlikely that the new Government will achieve much political legitimacy even if it is formed. Dr. Sanjabi, the National Front leader, says in a letter to Dr. Gholam Hossein Sadighi, the prospective Prime Minister, that it was with great regret that he had heard that Dr. Sadighi had accepted the mission of trying to form a Government.

Both men were in Dr. Mossadegh's administration in the 1950s during which the Shah had to flee the country temporarily. In his letter published yesterday, Dr. Sanjabi reminded his former colleague of his companionship then in the same effort, struggling against "this very dictatorial system which has not changed its nature."

Dr. Sadighi has not associated himself since with the present-day National Front's comparatively hard line against the Shah's regime. The emphasis and use of the phrase "regime" is important as observers think that taken by supporters of the Ayatollah Khomeini, the exiled religious leader who wants the Shah to be removed.

Dr. Sanjabi told Dr. Sadighi that the latter's acceptance of the responsibility of forming a new Government will be considered a negation of his past record. He reminded Dr. Sadighi of his past honour as a result of his association with Dr. Mossadegh, and pointed out that the Iranian people have shown great unity in revolting against dictatorship, foreign domination, the plunder of the national wealth and the constant violation of the constitution.

"Your decision to associate with the present regime can only result in failure and therefore you cannot depend on the consent or cooperation of the National Front," Dr. Sanjabi wrote.

Despite this attack, Dr. Sadighi is said to be in favour of some policies which could win the support of the middle range of the anti-Shah opposition which the National Front represents. Dr. Sadighi is said to be prepared to allow the Shah to stay on as a constitutional monarch and as Commander-in-Chief of the army but it is determined that the Shah stays out of the day-to-day running of the Government.

# OPEC price warning over dollar

**KUWAIT** — Mr. Rene Ortiz, Secretary General of the Organisation of Petroleum Exporting Countries (OPEC), warned yesterday that the group may consider a further increase in the price of oil before June, if the U.S. dollar falls further and international inflation rises more.

In an interview with Kuwait's news agency KUNA, Mr. Ortiz, rejected the strong criticism levelled by western industrial nations against OPEC for increasing the price of oil by a phased 14.5 per cent at its bi-

annual meeting in Abu Dhabi last weekend.

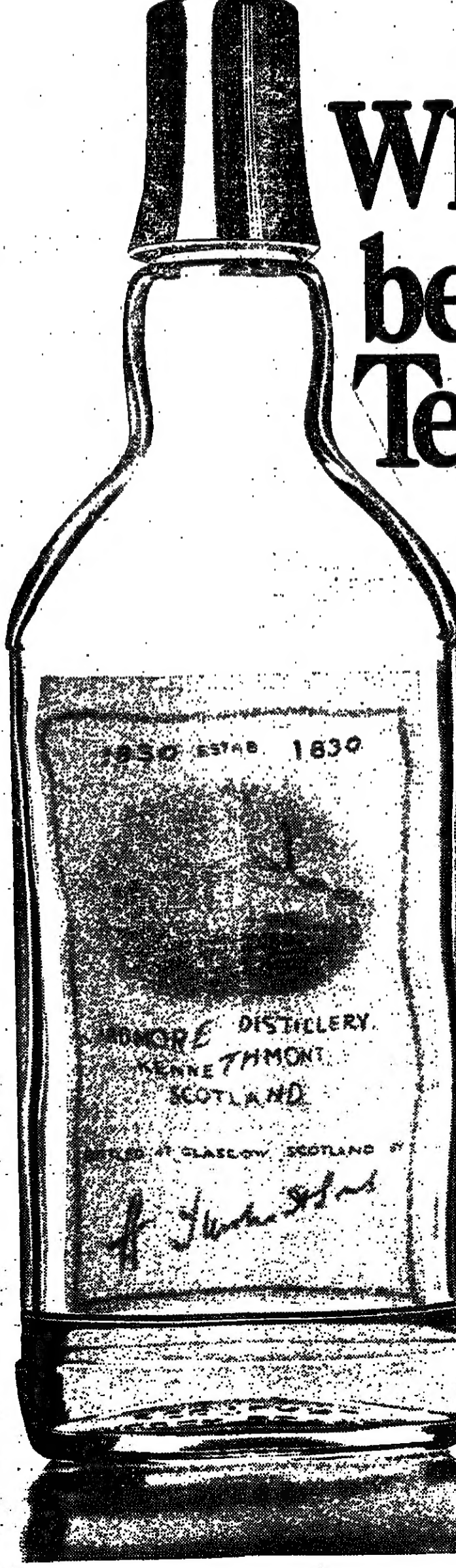
The next regular OPEC meeting was scheduled in Geneva in June, "to consider any further decline in the value of the U.S. dollar, and to take proper measures to meet this," he said.

"But if the international economy deteriorates rapidly, there is a possibility that an emergency OPEC ministerial meeting may be held before then," he added.

Ortiz defended the price hike as "a very moderate and responsible move." It was fully justified as partial compensation for the losses suffered by OPEC as a result of the decline in the value of the U.S. dollar and the effect of international inflation on oil revenues, he added.

The western criticism of OPEC was harsh and unjustified because the industrial nations failed to evaluate the compelling reasons for the price hike, "which was reached after a thorough study of the economic situation in both the industrial and OPEC nations," Mr. Ortiz said.

AP-DJ



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## AMERICAN NEWS

## Mexican investment will boost jobs

By William Chislett

MEXICO CITY—The Mexican Government and the private sector hope to create between them 600,000 new jobs next year, but even if this optimistic figure is realised it will not stop the level of unemployment from increasing. The population will grow by at least 2m in 1979 to about 98m and an estimated 800,000 new jobs will be needed just to check the rise in unemployment, which is currently said to be 47 per cent taking into account underemployment.

In its 1.1 trillion peso (\$56.6bn) budget for 1979 the Government has mentioned as a target the creating of 300,000 new jobs. The private sector has also promised the same number. This is indicative of the upward swing in the economy and growing confidence. The budget is 30 per cent higher than this year's.

Public and private investment to create new jobs next year will be in the region of \$25bn and the Government will provide most of it. The Labour Ministry estimates that 350,000 new jobs were created by November this year by the private and public sectors.

The budget reflects the Government's conviction that stage two of the six-year plan to consolidate the achievements of the last two years can now be entered. Stage three is to move on to higher growth rates.

This year inflation has been cut slightly from last year's 20 per cent to between 16 and 17 per cent. The gross domestic product will increase by 6 per cent compared to three per cent last year and the peso has held firm during the past year with a narrow band of fluctuation. Next year the Government feels that inflation can be further reduced to between 12 and 13 per cent and that GDP will increase by 6.5 per cent.

The number one priority in the public sector remains Pemex, the state-owned oil monopoly, which next year will get 216.2bn pesos (\$9.4bn), 39 per cent of the public sector total and three times as much as the federal electricity commission, the next priority.

Oil is the pivotal force in the economy. Pemex's exports are worth \$2bn this year and next year are calculated to reach dollars \$3.75bn, a massive contribution to the country which could turn the present current account balance of payments deficit (\$5.6bn) this year into a surplus in the not too distant future.

The Pemex money will go towards developing more wells and boosting daily production from the present 1.4m barrels to 2m barrels by 1980 so releasing about a million barrels a day for export, but this will entail the creation of few jobs since the oil industry is not labour intensive.

The Government is placing more emphasis on agriculture and fishing next year after neglecting this sector for too long with the hope of creating more jobs. The increase in food production will this year, for the seventh year running, fall to meet the rise in population, which is increasing by 3.5 per cent a year.

About 40 per cent of the country's work force is employed in the countryside and only accounts for 9 per cent of the GDP. In some states like Durango only about 40 per cent are regularly employed. The Government is not unduly worried by the prospect that Mexico will never be self-sufficient in food for foreign exchange earnings from oil can easily pay any food import bill. What is troubling the Government more is the likelihood that rural unemployment is bound to produce mounting social pressure.

Part of the budget will go towards reducing income tax for lower paid workers while tighter measures will be taken against tax dodgers. The Finance Ministry will be able next year to ask for details of earnings and expenses in those cases where it has reason to believe that a person's life style is out of keeping with his officially declared earnings. Nevertheless many people doubt that this will mean that more of the fabulously rich, who are notorious for getting around tax laws, will be caught out.

Tax relief will also be applied to companies to the extent that excess profits tax will be done away with and replaced by VAT in 1980. The Government feels that this will be more efficient in raising revenue without scaring the private sector away from investing.

After two years of a severe cut-back in domestic demand with lower real wages the Mexican economy is now beginning to expand again. This can be gauged from the increased trade deficit which will end this year at around \$2bn compared with \$1.3bn last year.

## Concorde wins go-ahead for subsonic flights deal

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. civil aviation authorities have cleared Concorde for subsonic operations in that country, enabling British Airways and Braniff International to start flights between Washington and Dallas/Fort Worth, Texas, on January 12.

The U.S. Civil Aeronautics Board and Federal Aviation Administration have been examining Concorde for many months, and are now satisfied that it not only meets the necessary safety and airworthiness requirements for operations inside the U.S., but is also quiet enough for domestic airports.

Any doubts the two bodies may have had about Concorde appear to have been dispelled by the trouble-free visit the aircraft made last week to 16 U.S. cities. More than 250,000 Americans crowded airports in Texas, Arizona, Oklahoma, Kansas, Tennessee and Colorado to see it.

The joint BA/Braniff plan is for BA to fly Concorde super-sonically between London and Washington, and for Braniff to fly the aircraft subsonically

between Washington and Dallas/Fort Worth, starting about mid-January.

If this is successful, Braniff may lease a Concorde to fly to other points in its network in central and northern South America.

In the meantime, BA and Singapore Airlines have agreed to resume Concorde flights to Singapore, via Bahrain, on January 24.

The flights have been suspended for over a year, because of Malaysian Government objections, on environmental grounds, to Concorde flights down the Straits of Malacca.

A statement by the two airlines, after the Malaysian Government's own statement earlier this month approving the resumption of flights, says there will be three flights a week each way—outwards from London on Mondays, Wednesdays and Fridays, and inwards from Singapore on Tuesdays, Thursdays and Saturdays.

The single Concorde fare, London-Singapore, will be \$795.50.

Claims in the U.S. by Senator William Proxmire, one of Concorde's most bitter critics, that the aircraft suffered from wing cracks and was thus a safety hazard, were dismissed yesterday not only by Mr. Brock Adams, the U.S. Transportation Secretary, but also by Concorde's manufacturers, British Aerospace and Aerospatiale.

It was pointed out that some wing cracks, found more than a year ago, had already been fully dealt with by modifications, and the aircraft has been performing without problems since then.

Moreover, the U.S. airworthiness authorities had fully investigated the matter during 1978, and had found no problems to prevent them from clearing the aircraft for U.S. internal flights, while the UK and French airworthiness authorities had also cleared the aircraft.

Mr. Adams said: "The Anglo-French authorities have found that there is no hazard to safety, and we concur now that the existence of the problem is known and the cracks are controlled."

## Car workers' leader warns of challenge to pay policy

By STEWART FLEMING

NEW YORK—Mr. Douglas Fraser, head of one of the most influential U.S. trade unions, the United Auto Workers, has warned that the union may decide to abandon its three-year agreement with the car manufacturers in favour of a short-term contract.

Mr. Fraser said that because of the "unsettled economic climate," a three-year contract might not be in the best interests of the union's 1.4m members.

Mr. Fraser's remarks are yet another sign of organised labour's fears about the impact of the Carter Administration's wages policy which aims to limit

wage increases to around 7 per cent in the first year of any new contract.

Although additional fringe benefit allowances will raise that figure slightly in some cases, the Administration is now conceding that inflation in 1979 will probably be higher than 7 per cent.

The auto workers' current three-year contract expires on September 14, 1979, and, depending on the level of wage increases negotiated, a settlement in the industry could help or impair the Carter anti-inflation programme. The auto industry settlement will follow the

Teamster's Union negotiations with the trucking industry in March.

Mr. Fraser has previously given carefully qualified support to the anti-inflation programme, partly, it is felt, because he has no reason to come down either for or against it before he sees it in action.

A decision by unions in the cars, steel, coal or trucking industries to abandon the traditional three-year contract or seek a clause allowing renegotiation in the light of changed economic circumstances, could add to the Administration's problems.

## Record aircraft orders forecast

By DAVID BUCHAN

WASHINGTON—Discount air fares, stimulating additional air traffic, will lead airlines to order aircraft from U.S. manufacturers in record numbers next year, the Commerce Department predicted yesterday in an annual forecast on the U.S. aerospace industry.

Aircraft sales, the Department says, are likely to rise by 40 per cent in 1979, to \$18.1bn. This includes a forecast 60 per cent increase in civil aircraft sales to \$10.9bn.

Airline profitability, likely to be at a record level this year, may be hurt by the recent OPEC oil price rise, since aircraft are heavy users of oil. Nonetheless, the airlines have been generally launching a big re-equipment programme, partly the result of federal regulations requiring them to use less noisy aircraft.

The rise in military aircraft sales will be less dramatic, 10 per cent next year. This presumably reflects in part President Carter's decision to limit U.S.

arms sales to many third world countries, and the fact that one big buyer, Iran, has for the time being virtually dropped out of the American market.

The Commerce Department predicts that next year total aerospace exports, including aircraft, engines, spare parts, missiles and space vehicles, from the U.S. will reach \$12.9bn, and imports \$1.1bn. Overall, total U.S. aerospace sales will increase by 20 per cent next year to \$47bn.

## Mixed reaction to budget cuts

By OUR OWN CORRESPONDENT

WASHINGTON—President Carter's plans to cut social welfare programmes financed by the federal Government, as a means of paring the 1979-80 budget deficit to \$30bn, has met a mixed reaction: sharp criticism from Democratic city mayors and qualified approval from governors of both political persuasions.

The President has been preparing the outline of the budget he will present to Congress next month, among some controversy caused by his intention to main-

tain defence spending at the expense of domestic programmes.

Whether the new defence budget will show a real increase along the lines of the NATO commitment—remains to be seen.

Nine Democratic mayors from some of the biggest cities were critical, when they met Mr. Carter on Wednesday, of his reported plan to cut \$4bn off public sector jobs, \$5bn off welfare, and \$6bn off public housing. The Mayor of Boston

warned that this could damage the big city democratic vote which Mr. Carter will need if he seeks re-election in 1980.

Mr. Carter, however, found more sympathy with his goal of reducing inflationary pressures by cutting federal spending from the National Governors' Association. The governors suggested that federal money could be saved by channelling more regional aid through their offices rather than through those of city mayors.

## Cleveland's financial troubles increase

By OUR OWN CORRESPONDENT

WASHINGTON—The bills are mounting for the financially troubled city of Cleveland, while its mayor, Mr. Dennis Kucinich, and its council seek to find a way out of the impasse that last week led Ohio's largest city to default on \$15.5m in loan repayments.

The city has at least another \$13m to pay by the end of the year, and one creditor, the Ohio State Police and Firemen's Disability Pension Fund, has decided to take action. The fund has filed a court suit, seeking the payment out of city revenue of \$2.7m it has been owed by Cleveland since mid-October. A similar payment is due on December 31, when Cleveland also has to pay \$3.6m to its Public Employees Retirement Fund and \$3.6m to the Cleveland Electric Illuminating Company, the city's private power company.

The pension fund's claim is another sign that Cleveland will not be freed from its financial predicament even if local banks agree to refinance their loans. This is now a possibility, following Mr. Kucinich's agreement to allow the issue of selling the city-owned power company to be put to a vote by the city's 625,000 residents.

The council, which has been at bitter odds with the mayor, is expected to decide by the end of this week whether to endorse a ballot on the power plant sale, together with a proposed 50 per cent increase in the city income tax.

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## Costa Rica captures Nicaraguan soldiers

SAN JOSE—The Costa Rican Civil Guard yesterday claimed to have captured 15 members of the Nicaraguan National Guard near the frontier town of Los Chiles. A Government spokesman said a high-ranking officer was among the group arrested inside Costa Rican territory.

Unofficial sources said the Nicaraguans were arrested while pursuing left-wing, Sandinist guerrillas who are fighting the

government of President Anastasio Somoza.

In Managua, a National Guard spokesman said an eight-man Nicaraguan patrol had been captured inside their own territory.

Costa Rica has severed diplomatic relations with Nicaragua on the grounds that Nicaragua consistently had violated its territory. Agencies

## Canadian air fare rises suspended

By Victor Mackie

OTTAWA—Air fare increases scheduled to go into effect on January 1 in Canada for its two major airlines and five regional air carriers were suspended yesterday until April 1 by the Canadian Transport Commission, a Government agency.

Air Canada, CP Air, Transair, Nordair, Pacific Western Airlines, Quebecair, and Eastern Provincial Airlines had earlier won approval for increases in fares averaging 5 per cent from the New Year.

The Commission said recent developments, including the November budget must be taken into account.

## Peru reports Chile officers

LIMA—Peru says two Chilean navy officers were caught spying in Peru earlier this month and deported to Chile. The Peruvian Foreign Ministry has confirmed details in a front-page article in the weekly El Tiempo, which said they were the captain and the second-in-command of a Chilean Navy tanker, the Beagle.

Occidental withdraws bid for Mead; AT & T profits attacked as excessive; Dicta-phone approves Pitney-Bowes offer—Page 16

## Shipowners in France face rise in losses

By Terry Dodsworth

PARIS—New competition from the developing shipping industries of the Far East and Eastern Europe is pushing the French Merchant Marine deeper and deeper into losses, according to figures produced by the Central Committee of French Shipowners yesterday.

Against a deficit of FFfr 2bn (\$465m) in 1977, French shipowners lost FFfr 1bn in the first half of this year and are facing a considerable increase in the bill for the last six months.

Part of this haemorrhage was caused by the seamen's strike which brought Marseilles to a close for much of November. But at the same time the shipowners would like to see more Government help to restructure the industry, particularly in the bulk cargo business.

A recently announced Government programme of limited help for re-equipment and financing the fleet during the next two years has been dismissed as inadequate.

The figures show that the problem which have overtaken the industry spread into virtually every sector, with tonnage falling and ships being laid up and orders for new vessels stagnating.

Because of the rising rate of scrapping, the number of ships in the fleet is falling and the tonnage is also in decline, for the first time since 1964 and only the second since the War. On October 1 the fleet was down to 480 ships, compared with 488 on January 1 this year, and of these 17 were laid up. In addition, some 45 new vessels have been cancelled so far this year.

## Finland in pulp, paper plant deals

By Lance Keyworth

HELSINKI—Finnish engineering expertise in the forest industry sector and the growing interest in this country in joint export ventures with foreign firms has recently been rewarded with two sizeable contracts.

Manila Paper Mills of the Philippines has signed a contract with three Finnish concerns and a Swedish company for the planning and building of a new pulp and paper mill complex on the island of Mindanao. The project is valued at FFfr 0.5bn overall (roughly \$23m).

The Finnish companies are Ekonoome Oy, responsible for planning and supervision of the start-up, A. Ahlstrom Oy and Wartsila Oy which will deliver the pulp and paper making machinery. The turbogenerators and high tension equipment will be delivered by Stal-Laval of Sweden.

The production capacity of the pulp mill will be 520 tonnes of bleached sulphate a day, and the paper mill will turn out 280 tonnes daily.

On the other side of the world, Enso-Gutzeit Oy has signed an agreement on technical assistance and co-operation with Corporacion Forestal Industrial de Olancho (Corfo), of Honduras. The Olancho project is valued at \$600m (FM 2.4bn) in all. It comprises three sawmills and a pulp and paper mill.

## Swedes to aid Greek meat industry

By John Walker

STOCKHOLM—A major restructuring and modernisation of the Greek meat industry is to be carried out by a Swedish concern, Industribyggnads- och Stenungsundens AB of Sweden. The total cost will be about SKr 600m (\$130m) spread over the next four years.

The first contracts out of about 15 will be signed today. Co-operation with another Swedish company is expected as soon as negotiations are completed, which is expected in the near future.

The order includes the modernisation of eight or nine slaughter houses and ancillary plants. It is expected that the Swedish Government will guarantee loans for a considerable proportion of the project. It is forecast that the project will provide about 2,000 to 3,000 job opportunities in Sweden for the sub-contractors and about 300 people in the Greek building and contracting industry.

## HK deficit up

HONG KONG—Hong Kong's visible trade deficit soared to HK\$1.24bn (£130m) in November compared with a deficit of HK\$402m (£42m) in November 1977.

While domestic exports declined fractionally to HK\$3.8m in November and re-exports rose 11.7 per cent, imports were 14.5 per cent up at HK\$6.42bn compared with the same month a year previously apart from seasonal factors. The rise in the November trade deficit reflected the lagged effect of the recent sharp decline in the value of the Hong Kong dollar relative to the currencies of the Colony's major trading partners.

Reuter

## Optimism as Geneva talks adjourn until next year

By REGINALD DALE, EUROPEAN EDITOR

GENEVA—THE U.S. and the EEC are now near agreement on all the main issues at stake in the Tokyo Round, the world's most comprehensive trade negotiation ever undertaken.

The talks will adjourn for Christmas here today without reaching full accord on an overall package of trade reforms in time to meet the end-year deadline. But negotiators are now increasingly confident that the remaining difficulties between Washington and the Community can be resolved fairly swiftly in the New Year.

Following agreement earlier this week between U.S. and Japan and a number of other industrialised countries, bilateral deals between the EEC and the U.S., and the EEC and Japan, are the last major pieces that must fall into place in the negotiations between the world's leading trading nations. Substantial progress towards a U.S.-EEC agreement is expected to be announced in a joint statement by the two parties here today.

The biggest outstanding problem concerns the package of industrial tariff cuts due to be implemented in the eight years starting from January 1, 1980. Here, the Community is still pressing Washington for further concessions on textiles, chemicals, ceramics, leather goods and

shoes. For its part, the U.S. also wants greater access to the EEC market for textiles and chemicals, as well as concessions on paper and lorries.

Nevertheless, senior officials here are now confident that a week or so of negotiating should be enough to reach agreement on tariffs after the talks resume on January 8. Negotiators said yesterday that 90 per cent of the deal was in the bag.

The expectation is that the final result will be an average reduction of around 30 per cent in industrial tariffs, a little less than the outcome of the last major set piece negotiation in GATT, the Kennedy Round.

There is also growing confidence that the US and the EEC will soon be able to settle their differences on the other main issue dividing them, the community's insistence that countries should be authorised to impose selective safeguards against cheap imports, rather than having to act against imports from all sources simultaneously.

The main problem here will be to persuade a sufficient number of developing countries to subscribe to such an agreement. If they do not, the EEC will revert to using existing GATT safeguard procedures, which, it maintains, already

allow selective action in some cases.

The hope in EEC circles is that the European Commission will be in a position to put a comprehensive outline agreement to the council of Ministers meeting set for February 8. The next two months would then be spent selling the agreement to the developing countries.

By then, the hope is, that the U.S. Congress will have passed legislation enabling the Administration to impose new counter-vailing duties on subsidised imports, a pre-condition to the Community's final approval of the Tokyo Round package.

France is still reserving its position on the entire outcome of the negotiations, but the view here is that the French Government will be less inclined to disagree the talks in the New Year, when it begins its month-long stint as president of the Council of Ministers.

From this point of view, there is some advantage that the talks have not been concluded by the end-year deadline. France will be able to argue—if the U.S. makes fresh concessions in the New Year, that they are due to the tough French line of the last few months. It will be in a position graciously to accept the final deal.

## Saudis meet Iranian oil shortfall

By JAMIE BUCHAN

JEDDAH—Saudi Arabia's exports of crude oil registered another large increase last month as the Kingdom stepped up efforts to meet the shortfall in Iranian production caused by the Khuzestan oil workers strike at the end of the month.

The Ministry of Petroleum and Mineral Resources announced that the daily average for November was 9,645,669 barrels against 8.5m b/d in October, 7,575 b/d in September and 6.95m b/d in August—an indication of the steady improvement in demand in the months leading up to last week's 14.5 per cent OPEC price rise.

But greater liftings of Arabian

heavy at the end of the month in Iranian heavy output accounted for much of the increase in November, the State Petroleum Organisation, Petroleum, said earlier this month.

However, Oil Minister Sheikh Ahmad Zaki Yamani said yesterday the OPEC meeting on Sunday that Saudi Arabia would "bear the burden" of reducing output if there is a market surplus when Iranian production improves, which will also ensure that Saudi production does not exceed the production ceiling of an average of 8.5m b/d over the year.

In an interview with the Jeddah daily Al-Medina, Sheikh

Yamani defended the OPEC 14.5 per cent price rise to be implemented in four stages next year, and said that the policy in the industrialised countries was "unjustifiable".

The 1973-74 oil embargo was blamed on OPEC's price rise, but five years later one can say confidently that the consumers' response was premature. History is repeating itself now," he said.

The price increases were in fact a "blessing in disguise, providing a strong incentive towards expansion in new areas—Asia, Africa, the North Sea and other offshore areas neglected in the past because of high drilling costs," he said.



CITROËN of France has developed a range of vehicles based on the running gear of the 2CV to enable developing countries to set up their own embryo motor industries without the need for any major capital investment. The new body developed by Citroën for this chassis is built entirely of folded steel sheet.

The new range is called FAF from the French "façile à fabriquer" (easy to make) and "façile à financer" (cheap to finance). "The FAF project is aimed at helping developing countries with two of their major problems: the adverse effect on their balance

of payments of having to import most manufactured goods, and the need to create employment at home—and ultimately there fore, to achieve technological independence and a higher standard of living," Citroën states.

The FAF achieves these objectives by permitting the manufacture of both the chassis and the bodywork (some 50 per cent of the whole vehicle) with low-investment local facilities. It also reduces transport costs for those parts which must still be imported, since their volume will only account for some 20 per cent of a complete vehicle or some 40 per cent of a completely knocked-down kit.

## Toshiba to meet American TV demand from the U.S.

TOKYO—Toshiba, Japan's second largest manufacturer of general electric equipment, said yesterday it had halted exports of colour television sets to the U.S. because of high taxes and the yen's rise against the dollar.

A spokesman said the company, instead, will double production capacity of the Memphis, Tennessee, plant operated by its subsidiary, Toshiba America, from the present 15,000 units a month.

Hitachi, another leading electronics equipment maker that has also been reported to have stopped colour TV exports to the U.S., denied the reports, saying that the company has no plans to do so. A spokesman noted that some 80 per cent of Hitachi's colour TV exports originate from its plants in Taiwan and Singapore, thus making it unnecessary for the

company in Tokyo to take such a step.

The spokesman pointed out, however, that "the circumstances surrounding Japan's exports to the U.S. are becoming increasingly difficult." Matsushita Electric Industrial, Sanyo Electric, and Sharp, all leading Japanese electric equipment makers, have already declared their intention to stop colour TV shipments to the U.S. and a spokesman, Mitsubishi Electric is reportedly to follow suit.

AP-DJ

Sony announced yesterday it will build its first overseas video tape recorder manufacturing plant in Brazil, to commence operations early in 1980. Reuter reports.

Following official authorisation granted by the Brazilian Government, construction will begin early next year.

## Irish announce incentive scheme

By OUR OWN CORRESPONDENT

DUBLIN—The Government of the Irish Republic is to introduce an industrial incentive scheme to replace the tax holiday presently allowed to foreign companies exporting goods.

From January the Government is to charge a special rate of 10 per cent corporation tax for all manufacturing industry. The scheme will run until December, 2000.

Dublin's Minister for Industry and Commerce, Mr. Desmond O'Malley, said the purpose of the scheme was to attract

## Japanese loan for Russia

By Richard C. Hanson

TOKYO—The Export-Import Bank of Japan has signed a protocol with the Soviet Bank for Foreign Trade on a \$350m loan (\$300m) to finance about 700,000 metric tons of large-diameter pipe imports in 1979.

The agreement was signed in Tokyo on Monday by Eximbank president, Mr. Satoshi Sumita, and Mr. V. M. Ivanov, Soviet Deputy Minister of Foreign Trade.

Four major Japanese steel makers have already completed negotiations on the sale of the first 200,000 tons of pipe to be shipped in the first quarter of 1979.

The Japanese makers apparently were able to win a price increase, but decided to say by how much. Indications are, however, the rise was more than 5 per cent over shipments this year.

For 1978, the Soviets had negotiated already for about 700,000 tons of large size pipe, also financed by the Japanese Eximbank. Reports are that the loan for these shipments was the equivalent of \$200m in yen.

The final amount of 1979 shipments will depend on how much the Japanese can raise prices. Export prices generally have been on the rise. The Japanese companies involved are Nippon Steel, Kawasaki Steel, Nippon Kokan, and Sumitomo Metal Industries.



# Slower rise in domestic demand forecast

BY DAVID MARSH

## OECD ECONOMIC OUTLOOK

GROWTH IN domestic demand is expected to slow in the OECD area during 1979, according to the Organisation for Economic Co-operation and Development's latest Economic Outlook. Unemployment is likely to rise slightly, but inflation will be reduced further in most countries and an encouraging move towards current account imbalances is expected, especially in the U.S. and Japan.

Real growth in GNP is forecast to total 3.5 per cent next year, against 3.5 per cent this year. Total domestic demand should increase 3.2 per cent, compared with this year's 3.5 per cent, reflecting a weakening in the U.S. economy and the OECD Secretariat's assumption that policies in Japan and West Germany will become less expansionary in the second half.

The report notes that the last week's OPEC decision to raise oil prices by an average 10 per cent next year. The Secretariat's assumption, used in its forecasts, was that prices would rise 5 to 6 per cent, the higher increase is likely to reduce the combined GNP of the OECD area by about 0.25 per cent compared with the projection in the report.

The appropriate focus for discussion of developments in the OECD area, in the Secretariat's view, is not global GNP growth so much as the newly evolving pattern of domestic demand among member countries.

As a result of expansionary fiscal policies in Japan and West Germany, and tightening monetary and budgetary measures in the U.S., there will be an encouraging "scissors movement" of domestic demand growth between the U.S. and the other two countries, where it is speeding up.

Conversely, net exports are already strengthening in the U.S. and weakening in Germany and Japan. By early 1979, the rate of domestic demand growth in the U.S. will be considerably below that of Europe, the first time this has happened since the latter part of 1975.

During the years 1976-77, the

annual growth of domestic demand in the U.S. exceeded that of the other major countries by nearly 3 percentage points. In 1979, the U.S. rate is likely, however, to be nearly 3 percentage points below that of its major partners.

This is expected to help reduce considerably the uneven pattern of current payments balances which has been a major factor behind the exchange rate fluctuations this year. On the assumption of no further important changes in effective exchange rates, the report (which was made on the basis of average rates of November 5-3), the OECD forecasts that the U.S. current account deficit and the Japanese surplus might both be roughly halved in dollar terms in 1979 and the German surplus could be substantially reduced.

The overall OECD current account position, in deficit by \$27.5bn in 1977, is expected to be broadly in balance in both 1978 and 1979—the first time since 1973 that for a sustained period the area was not in substantial deficit.

## Weak commodity prices—especially oil prices—are the main factor behind the reduction in the deficit. About half of the improvement appears to have been with OPEC, while \$10bn of it seems to have been in the form of terms of trade gains vis-a-vis non-oil developing countries.

Unemployment in the OECD area, given the forecast lower growth of output and an expected pick-up from this year's weak productivity performance, is likely to rise from its present rate of around 5.2 per cent to perhaps 5.5 per cent in the latter part of 1979.

During 1978, the rate of growth of employment has been particularly rapid. However, expansion of the labour force in recent months has matched that of employment, so that total unemployment in the area, excluding Turkey and Portugal, was about 15.75m in the third quarter of 1978, about the same as at the start of the year.

Consumer price inflation is forecast at 6.5 per cent for 1979, a slight slowing from 6.75 per cent in 1978. Again, however, the higher than expected oil price rise, will disturb the report's assumptions, and is likely to add a further 0.4 per cent to the area's combined inflation rate on an annual basis by the second half of next year.

On the exchange rate assumptions made in the report, the

SUMMARY OF DEMAND AND OUTPUT FORECASTS (Per cent changes, annual rates)									
Total domestic demand									
		From previous year		From previous half-year					
		1977	1978	1979	1978	1979	1978	1979	1979
Total OECD	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
United States	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Japan	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Germany	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total OECD less U.S.	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Real GNP									
Total OECD	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
United States	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Japan	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Germany	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1

Secretariat expects a narrowing in the dispersion of exchange rates. However, an important exception is that the spread between consumer price increases in the U.S. and in the other major OECD economies is expected to widen in the near term.

The recent deterioration of the U.S. price performance is "disturbing", hence the importance to be attached to achievement of the aims of the Administration's anti-inflation programme.

Given the need to consolidate the recent strengthening of the dollar, a temporary period of slow growth of the U.S. economy is probably both inevitable and to be welcomed, the report says.

The measures to support demand growth in Germany and Japan, together with such steps as the other three stronger currency countries—Belgium, Holland and Switzerland—may be able to take to this end, should help moderate the impact of the U.S. slowdown on other economies.

The November 1 action to stabilise the dollar, the reduction in inflation and balancing out of the OECD's current account deficit are all factors which seem to be running in favour of less turbulent conditions on exchange markets and better business confidence.

But until a further important indication has been made in the remaining problem of inflation, the prospects for reducing unemployment further may not be very bright.

The "convalescent" countries so far operating under inflation and balance-of-payments restraint have therefore still to guard against any demand-management action which would exacerbate inflation.

Elbow room for these countries to expand somewhat their own domestic demand has begun to emerge, and in some cases may even increase.

But in each of the four large countries in this category, there are particular reasons why the timing of any further measures must be subject to extreme care.

In France, the economy is in the process of adjusting to the lifting of exchange controls. In the UK, the Phase IV wage round

# GNP growth of 2% for U.S.

REAL U.S. GNP is expected to grow by about 2 per cent in 1979, lower than earlier official forecasts of about 3 per cent and a substantial fall from this year's likely 3.75 per cent.

The difference compared with the official projection reflects the OECD view that the success of the counter-inflation policy will take somewhat longer to become apparent than is expected by the U.S. authorities.

The unemployment rate may rise from the second-half 1978 average of around 6 per cent to about 6.5 per cent in the second half of 1979.

Inflation measured by the GNP deflator is forecast to be 7.1 in 1979, with some deceleration likely during the year.

The improved competitive position of U.S. exporters is expected to improve their share of foreign markets in 1979, and, with slow growth of imports, the current account deficit may improve considerably, falling from \$18bn in 1978 to perhaps \$8bn in 1979.

By the second half of 1979, the current deficit is expected to be running at an annual rate of \$3bn.

The current account surplus of Japan may come down to around \$10bn at an annual rate in the second half of 1979, compared with more than \$20bn in the second half of 1978. This reflects the continuing switch in the pattern of demand from net exports towards domestic expenditure.

The recent refashioning package and the assumed expansionary stance of fiscal policy in fiscal year 1979 should contribute markedly to domestic demand, which is projected to rise at an annual rate of close to 7.75 per cent in the first half of 1979.

Because of the expected strong negative contribution from the change in the foreign balance, the growth of real Japanese GNP should be much more moderate—at about 4.75

## UK payments surplus may reach \$2bn

THE RISE IN UK gross domestic product, probably about 2.75 per cent in 1978, may slow to about 2 per cent in 1979, according to the report.

Assuming an increase in average earnings of 10 per cent from the ending last August of the Phase III pay policy, the rise in consumer prices could be down to an annual rate of about 8 per cent towards the end of 1979, assuming an increase in import prices of 6 per cent during the coming year.

A current account balance of payments surplus of almost \$2bn is forecast in 1979, compared with a deficit of less than \$500m in 1978. The oil balance in volume terms is likely to increase as a result of higher North Sea oil production, projected at 80m tons next year against 58m in 1978.

This is likely to outweigh the small deterioration of the real trade balance excluding oil.

The contribution of North Sea oil to GDP growth is estimated at about 0.75 per cent in both 1978 and 1979. Despite the relatively rapid rise in manufacturing output over the last 12 months, the level of activity is still relatively low. Some

further growth is forecast, so that in the second half of 1979 output levels should, for the first time since the downturn, be close to those reached at the 1973 peak.

If average wage earnings under the present wage round rise by 12 per cent, the rate of growth of consumer prices would climb to a little over 10 per cent during 1979, instead of the 8.75 per cent under the 10 per cent wage rise assumption. But the addition to GDP resulting from the higher earnings assumption could be less than 0.25 percentage points.

adjustment operations.

All in all, both production and shipments appear to be following an increasing keynote in the process of inventory adjustment. However, whether this keynote will become actually fixed will depend on the future trend of ultimate demand.

Personal consumption.

In the phase of public demand, the fiscal outlay for payment for public works projects (over the corresponding period or month a year earlier) increased by 19.6 per cent in the July-September quarter and by 18.4 per cent in October. Public works contracts in value also swelled by 32.7 per cent in the July-September quarter over a year before. The fiscal outlay thus has continued to support domestic business.

In the phase of trade, customs-cleared exports have continued to show a sound increase on a dollar-denominated basis but have remained below the year-ago level on a yen-denominated basis, thus providing a brake to the tempo of business recovery.

As to the future outlook, the fiscal outlay is expected to stay at a high level partly on the strength of a supplementary budget soon to be compiled for fiscal 1978.

On the other hand, the export slump is likely to continue along with the further weakening of the impact of the higher yen. The friction between the fiscal outlay and export trade thus is destined to grow stronger.

In the phase of private demand, personal consumption expenditure of wage earners' households (compared with the corresponding period or month) made a nominal gain of 4.3 per cent in the April-June quarter (0.7 per cent, real) and 5.1 per cent in July (1.0 per cent) and 4.5 per cent in August (0.3 per cent). The growth in this phase necessarily has not been particularly encouraging.

On the other hand, the recovery has been more heartening. For instance, department store sales in September increased by 9.4 per cent over a year earlier. Sales by self-service stores, such as

## CONTRACTS AND TENDERS

### NTPC

#### National Thermal Power Corporation Ltd.

(A GOVT. OF INDIA ENTERPRISE)  
NEW DELHI (INDIA)

#### INVITATION TO BID FOR POWER PLANT EQUIPMENT

#### RAMAGUNDAM SUPER THERMAL POWER PROJECT

Proposals are invited by the National Thermal Power Corporation Ltd., for the first phase of their Ramagundam Project consisting of 3 x 200 MW units at Ramagundam, District Karim Nagar, Andhra Pradesh, India for furnishing and erection of the following equipment packages:

(i) 3 Nos. — Turbine Generators and Auxiliaries including Feed Plant with 3 Boiler Feed Pumps per set and Isolated Phase Bus-duct and  
2 Nos. — 115/25 Tonnes Turbine/Hall Overhead Cranes.  
Specification No. CC-32-001.

(ii) 3 Nos. — Steam Generator and Auxiliaries including H.P. Piping, Electrostatic Precipitators and Elevators;  
1 No. — Auxiliary Steam Generator with Auxiliaries and  
1 No. — 50 Tonnes Horizontal Boom Tower Crane.  
Specification No. CC-32-002

(iii) 3 Nos. — 240 MVA, 14-18/420 kV Generator Transformer.  
2 Nos. — 75 MVA, 400/34.5 kV Tie Transformer.  
Specification No. CC-32-003

The proposal will be received at the address given below, upto 1000 hrs. (IST) on 25th March 1979 and opened on the same day at 1100 hrs. (IST).

NTPC have applied through Government of India for a credit from International Development Association and intends to apply the proceeds of this credit towards CIF/Ex-works value of equipment portion of the Contract. Participation would be limited to Bidders from member countries of IBRD and Switzerland, and the equipment, materials and services proposed shall have their source of origin in member countries of IBRD and Switzerland.

Bidders who have designed, manufactured and installed at least three sets of equipment of the type specified for coal based 200 MW and above capacity units which are in successful commercial operation for at least two years will be eligible to participate. However, those who have manufactured and installed three or more sets of equipment of the type specified for 100 MW and above capacity coal based units which are in successful commercial operation for a period not less than 2 years would also be eligible, provided they are already manufacturing equipments for 200 MW units in collaboration with manufacturers of international repute.

For Power Transformer Package, Bidder should have designed, manufactured, tested and installed 400 kV class transformers of at least 240 MVA capacity with OFAF cooling.

The Bidders will be required to furnish a Bid Guarantee and Contract Performance Guarantee for amounts of 2% and 10% respectively.

Copies of the bid documents will be available at the office of NTPC at the address given herein between 1000 hrs. and 1500 hrs. from Dec. 23, 1978 to Feb. 10, 1979 for inspection and examination by the interested bidders. Copies of the bid documents can be had between the dates above mentioned on payment of specified amount either by certified cheque or by crossed Demand Draft payable to National Thermal Power Corporation Limited, New Delhi.

Sl. No.	Description	Bid Documents	Rs.	US\$
1.	All the three Equipment Packages.	One copy each of Vol. I, IA, IB, IC & IIA, IIB, IIC.	3500	425
2.	Turbine Generator Package.	One copy each of Vol. I, IA & IIA.	1500	180
3.	Steam Generator Package.	One copy each of Vol. I, IB & IIB.	1500	180
4.	Power Transformer Package.	One copy each of Vol. I, IC & IIC.	1500	180

Volume I consists of General Conditions of Contract, Commercial-proposal sheets, etc. Volume IA, IB and IC consist of technical data requirements and Volume IIA, IIB and IIC the technical specifications of the Turbine, Generator, Steam Generator and Power Transformer Packages respectively.

Additional individual volumes can be obtained on payment of US Dollars 60 or Indian Rupees 500 per Volume per copy.

The prospective bidders may choose to bid for all the three packages or for individual package, however, they will not be permitted to make offer for part of the equipment covered in a particular package.

Contract Services  
**National Thermal Power Corporation Ltd.**  
303, Skipper House  
62-63, Nehru Place  
New Delhi - 110 019 (INDIA)  
Advt. CC-084

## DKB'S ECONOMIC JOURNAL

December 1978: Vol. 7 No. 12

### Rise of Japan's yen rate against dollar seems to have halted for moment

The upsurge of the yen exchange rate against the dollar appears to have come to a halt, at least for the time being, after it stiffened to go beyond the \$1 = ¥180 level at the close of October following the announcement of the dollar-denominated package by the Carter Administration.

However, the impact of the yen upswing is likely to become more direct and evident in the future as to exercise a deflationary effect on domestic business. Hence, the future outlook of domestic business necessarily does not allow optimism.

For all that, business is expected to continue a slow, modest recovery on the strength of various props in the fiscal phase in progress and recovering signs of personal consumer spending and private plant-equipment investments in recent months.

Production activity

In the phase of production activity, the growth of mining-manufacturing production on a quarterly basis has begun to slow down since the January-March quarter of 1978.

On a monthly basis, however, mining-manufacturing production (seasonally adjusted and compared with the previous month) registered an increase of more than 1 per cent in August and September after a decrease of 0.8 per cent in July. In fact, production activity thus is starting a steady rally.

Shipments in the mining-manufacturing sector also have been following a similar keynote, swelling by 1.0 per cent in August and 1.2 per cent in September over a month before, although the keynote in that phase still has stayed dull on a quarterly basis.

Inventories have continued in the process of gradual adjustment. Seasonally adjusted and compared with a month earlier, inventories of manufactured products in September declined by 0.4 per cent, and those of manufactured products with dealers also dipped.

According to "Report on Corporate Investment Trend" (as of September), inventory investments in the manufacturing sector in the October-December quarter are estimated to continue a decrease, indicating the progress of

adjustment operations.

All in all, both production and shipments appear to be following an increasing keynote in the process of inventory adjustment. However, whether this keynote will become actually fixed will depend on the future trend of ultimate demand.

Personal consumption.

In the phase of public demand, the fiscal outlay for payment for public works projects (over the corresponding period or month a year earlier) increased by 19.6 per cent in the July-September quarter and by 18.4 per cent in October. Public works contracts in value also swelled by 32.7 per cent in the July-September quarter over a year before. The fiscal outlay thus has continued to support domestic business.

In the phase of trade, customs-cleared exports have continued to show a sound increase on a dollar-denominated basis but have remained below the year-ago level on a yen-denominated basis, thus providing a brake to the tempo of business recovery.

As to the future outlook, the fiscal outlay is expected to stay at a high level partly on the strength of a supplementary budget soon to be compiled for fiscal 1978.

On the other hand, the export slump is likely to continue along with the further weakening of the impact of the higher yen. The friction between the fiscal outlay and export trade thus is destined to grow stronger.

In the phase of private demand, personal consumption expenditure of wage earners' households (compared with the corresponding period or month) made a nominal gain of 4.3 per cent in the April-June quarter (0.7 per cent, real) and 5.1 per cent in July (1.0 per cent) and 4.5 per cent in August (0.3 per cent). The growth in this phase necessarily has not been particularly encouraging.

On the other hand, the recovery has been more heartening. For instance, department store sales in September increased by 9.4 per cent over a year earlier. Sales by self-service stores, such as

supermarkets, also swelled by 12.3 per cent over a year earlier, marking a gain of over 12 per cent for the third consecutive month.

Also advancing has been the growth of the balance of the Bank of Japan note issue. Equally favorable have been passenger car sales. According to the Consumption Trend Survey, the consumption expenditure of all households in the July-September quarter registered an increase of 9.3 per cent over a year before.

However, the immediate outlook does not appear so encouraging. In the first place, not much can be expected from a sizable increase of seasonal bonuses at the end of the year. At the same time, the burden of debt repayment and credit purchase payment is likely to become heavier at the close of the year.

Against this backdrop, a substantial rally of the propensity to consume cannot be expected, even taking into account a support in the form of calming prices. In other words, no sizable increase in consumption expenditure is considered possible despite its recent recovery.

Referring to housing investments, another prop to domestic business, housing starts continued to stay below the year-ago level in August and September.

As housing starts are likely to increase with the second series of housing loans newly offered by Housing Loan Corporation (100,000 applications accepted in the September 13-October 31 period), a moderate rally of housing investments will start within a few months.

In the phase of plant and equipment investments, such investment projects in fiscal 1978 have been revised upward over the original target on the basis of a recent survey based on inquiries to investor quarters.

Inasmuch as the supply-demand gap still has continued wide and the real equipment operation rate still has remained low at around 80 per cent, however, a full-scale rise of investment projects for expanding production capacity can hardly be expected, particularly in the manufacturing sector, at least for the time being.

Lingering imbalance  
In the process of tardy

### Breakdown of Income Earners' Household Budget Surpluses

Notes: For convenience's sake, income earners are divided into five brackets, 1st bracket includes the lowest earning.

recovery of domestic business, the imbalance between internal and external factors still has remained unrectified.

Turning to the trend of corporate business performances, the corporate earnings in the latest term ended last September appear to have made an increase as a whole despite the impact of the yen upsurge, although there was a gap among different industries and enterprises.

However, the improvement of the corporate business performances has failed to result in a corresponding betterment of the employment situation as the inequality in employment still has remained uncorrected. For instance, the effective opening to application in September stayed at 0.58-fold while the completely unemployment rate in the same month stood at 2.42 per cent, both seasonally adjusted.

Turning to the external phase, the disequilibrium of the balance of payments has continued unrectified.

The current balance of payments in the first half (April-September) of the current fiscal year surpassed \$9,300 million, or over \$19,000 million at an annual rate.

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The current balance of payments in the first half (April-September) of the current fiscal year surpassed \$9,300 million, or over \$19,000 million at an annual rate.

However, dollar-denominated imports increased by 12.3 per cent in the July-September quarter over the corresponding quarter a year before (by the IMF formula) after a smaller gain of 7.5 per cent in the April-June quarter.

In October, dollar-based imports registered a steeper increase of 42 per cent (preliminary) over a month earlier partly because of emergency imports.

In view of the effect of further emergency imports and the increase of imports from the rising yen, export trade is likely to continue a sound growth in the future. Coupled with the slowdown of export trade, the current disequilibrium of the nation's balance of payments is expected to be gradually rectified sooner or later.

Nevertheless, the overall exit of the current disequilibrium in the balance of payments is considered unlikely for some time without a substantial recovery of domestic business.

This is particularly the case when the basic import structure of this country depending heavily on raw and processed materials is taken into consideration.

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The next DKB monthly report will appear Jan. 26, 1979.







# UK NEWS

## BL tops safety complaint survey

**By Kenneth Gooding, Motor Industry Correspondent**

THE British Safety Council, the independent industrial safety organisation, said yesterday that a provisional analysis of the results of a "hotline" survey on new car safety showed that half of all complaints were made against BL cars.

Callers who telephoned the council's offices during a week-long scheme put Ford into second place with 27 per cent of the complaints. Chrysler scored 9 per cent and General Motors (Vauxhall and Opel) 7 per cent.

The council hopes that the scheme will enable significant statistical details of defects on particular makes and models of cars to be assembled.

It has several times unsuccessfully insisted that the Department of Transport should adopt a similar scheme on a full-time basis.

So the council went ahead with a trial scheme and 1,100 motorists who telephoned have been sent questionnaires. The completed forms will be analysed by the U.S. Department of Transportation's computer. The department runs a hotline scheme in the U.S.

The car most widely criticised, with 12 per cent of all complaints, is the Mini. Many complaints concerned its braking and steering.

BL has since announced that it will recall 100,000 Minis to check for possible defects on the brake master cylinder.

Mr. James Tye, director general of the council, which has no Government support but draws its income from the fees of the 28,000 corporate members and its industrial safety training courses, commented: "The statistics are disturbing for car owners and the nation alike."

They indicate that British manufacturers are not catching up with the standards of the production schedule but also failing to maintain adequate standards of safety and workmanship.

## Volvo offers jobs and training

**By Kenneth Gooding**

VOLVO has launched a scheme to provide job opportunities in Britain by retraining people as motor mechanics for its UK dealer network.

The project, set up with the Manpower Services Commission, is believed to be the first time a company has offered specialist training as part of the Government's retraining scheme.

The commission is contributing to the cost of the scheme. The plan is to provide 60 skilled VW-Audi mechanics during the first year, costing Volkswagen about £120,000 a person.

Volkswagen will take students retraining as motor mechanics at Government Skillcentres and other approved establishments. The students will be given a three-week specialist course at its new training complex at Milton Keynes and at the VW-Audi dealership that will eventually employ them.

Mr. Bill Bawden, the company's parts and service director, said yesterday: "We are aware that the number of trained mechanics serving the motor trade has diminished dramatically. This scheme will not solve all the problems, but it will certainly help reverse the trend."

## Bedford claims market lead

**By Kenneth Gooding**

BEDFORD, the General Motors subsidiary, claimed yesterday that it would emerge as the top UK truck producer in 1978 as well as the main exporter.

Output will reach 49,400 trucks (vehicle of over 3.5 tons gross weight), of which 29,500 will be exported.

With vans added to the total, Bedford's wholesale sales for 1978, at about 115,400, will be the company's second-highest, beaten only by the 1971 figure of 123,563.

Total commercial vehicle exports (including vans) will show a 20 per cent improvement to 58,620.

## Medical group wins court battle

**FINANCIAL TIMES REPORTER**

THE MEDICAL Defence Union won its fight in the High Court yesterday to keep its independence as a professional indemnity organisation for doctors.

But the Department of Trade, which had claimed that it should be treated as an insurance company for solvency control and other operating purposes, may appeal against the decision.

It will be studying the effect of the judgment in the New Year, because it involves arguments over the legal interpretation of insurance business which might be of importance in other quarters.

Mr. Justice Megarry rejected ideas that his ruling could lead

## Petrol shortage over Christmas 'unlikely'

BY SUE CAMERON

THE TANKER drivers' overtime ban is delaying up to 30 per cent of petrol deliveries to garages by British Petroleum, Esso and Texaco.

However, most of the industry was confident yesterday that there would be no real petrol shortage over Christmas. Few garages had been forced to close because of delayed deliveries, and BP, Texaco and Esso were the only suppliers affected by the overtime ban.

The real danger was that motorists would start panic buying, but there had been little sign of that.

The British Medical Association said, however, that it had been inundated with calls from doctors saying that they could not obtain petrol.

It has issued members with car stickers and called on the Government to say whether it has plans to ensure that doctors have enough petrol over Christmas.

The petroleum retailing department of the Motor Agents' Association said that motorists might expect inconvenience. It added that petrol was reaching garages, however.

**'Enough'**

Petrol sales normally double the week before Christmas as people prepare for the holiday, therefore it would be wrong to read too much into petrol queues.

Esso, which sells petrol at 6,305 UK sites, said that about a third of its deliveries would normally depend on overtime working at this time of year. There ought "to be enough petrol to go round" at Christmas, "as long as motorists don't start panic buying."

BP said that nearly all its petrol sales were by contract, and thus the brunt of the overtime ban was being felt by its

retail customers. Few petrol stations had been forced to close, and these only temporarily.

About a fifth of BP's petrol deliveries are done in overtime but the company has been more widely affected because of a rigorous ban on contractors' tankers.

Most motorway petrol stations are reported to have adequate supplies. Garages supplied by oil companies unaffected by the ban are doing extra business.

The Institute of Petroleum estimates that on an average day, 14.2m gallons of petrol are sold in the UK.

The overtime ban was providing little opportunity for independent suppliers to fill gaps left by delayed deliveries. Costs on the Rotterdam market were going up, so few independent concerns would be able to supply UK petrol retailers on an ad hoc basis.

## Rise in stocks of goods and raw materials may slow

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of industry's stocks of goods and raw materials rose sharply in the last summer, though the increase may be smaller from now on.

Revised figures for industry's stocks and capital investment in the three months to the end of September, published yesterday by the Department of Industry, indicate that stockbuilding was much larger than provisionally estimated.

The level of stocks held by manufacturers, wholesalers and retailers rose by £553m, seasonally adjusted, in 1978, in the third quarter. This compares with an original estimate of a £132m rise.

The third-quarter rise followed a total increase in industry's stocks of £519m in the first half of this year. The sharper - than - previously

estimated rise in stocks explains some recent deterioration in company liquidity.

Any future stockbuilding may be on a smaller scale since the present level of stocks is historically high in relation to output, while company profits are already being squeezed and expansion of demand is expected to slacken in 1979.

Survey evidence suggests that some reduction in manufacturers' stocks of finished goods is likely in the short term, and may already have started after the sharp rise earlier this year.

This could mean a slower expansion of output in the coming months, as stock levels are adjusted to desired levels.

The main revision to the earlier estimates has been in manufacturing industry's stocks, up £162m in the quarter after

a £310m rise in the first half of 1978. Stocks of materials and fuel, which had fallen for the five previous quarters, are now estimated to have risen by £20m in the three months to the end of September.

There were large increases in stocks of the food, drink and tobacco, and in the engineering industries.

In the first nine months of the year volume of investment was 8 per cent higher than in that period of 1977.

On the same basis volume of spending increased by 25 per cent more in coal and petroleum products, vehicles and instruments and electrical engineering.

Only three sectors, iron and steel, textiles, and leather and clothing had a fall in investment. The largest fall, 30 per cent, was in iron and steel.

## Big banks win tax concession

BY MICHAEL BLANDEN

THE BIG banks have won a significant concession over the terms of the Government's new legislation to extend the supervision of the banking system.

It has now been made clear that initial contributions to the planned deposit protection fund - which is intended to total some £5m or £6m - will be allowable against taxation.

The decision was announced in a Government amendment to the Bill, now in its Committee stage, tabled by Mr. Denis Davies, Minister of State at the Treasury.

The banks have pressed hard

through their representative organisation, the British Bankers' Association, for tax relief on their contributions to the fund, and yesterday welcomed the decision.

The clearing banks, in particular, have accepted the decision to establish a fund only with reluctance. They argued that they do not need such support and should not be required to provide funds to back up other deposit-taking institutions.

Under the Bill, contributions to the deposit protection fund fall into three categories. These are the initial amount, related to the deposit base of the insti-

tution, further contributions which may be called if the fund falls below £3m and special calls to increase the size of the fund.

The last two categories of contribution would in any case have been tax allowable. The Government move makes it clear that the banks will also be able to offset their initial contribution against their tax bill.

Against this, it was made clear that any repayments to the institutions from surplus resources of the fund would be treated as normal trading receipts.

## Fourth TV channel go-ahead

BY ARTHUR SANDLES

THE INDEPENDENT Broadcasting Authority has given approval for setting up transmission facilities for Britain's fourth television channel. The winner of the programme contract is not known.

Mr. Merlyn Rees, Home Secretary, said yesterday that he would introduce a short Bill after the Christmas Parliamentary recess to enable the authority to undertake engineering for the fourth channel throughout the UK.

If the Bill becomes law, the authority will be able to use its funds for the purpose.

According to Mr. Rees, the particular pressure is for a Welsh language service scheduled to start in autumn, 1982.

However, although welcoming the chance to do the necessary work, the authority which has long campaigned for the fourth

channel to be given to commercial television, expresses concern about eventual payment for the work.

The financial arrangement will need discussion when the terms of the proposed legislation are known. Pending decisions about the ultimate use of the fourth channel, the authority has said it will undertake the engineering, including the temporary use of its own funds for the purpose.

Mr. Hetherington added that he had asked to go to the manager's vacant post at Radio Highland and had been slightly surprised when Mr. Trethowan agreed. He is a keen mountaineer and recently made a television programme about climbing, but does not speak Gaelic, which is still used extensively in the West Highlands and Islands.

Mr. Hetherington's salary and his pension rights have not been disclosed.

## Optimism on UK-Chinese trade

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DEPARTMENT of Trade hopes that British Aerospace sales to China will be able to visit China soon to build on the sales talks held during the past two weeks with a Chinese technical mission to the UK.

But Mr. John Smith, Secretary for Trade, making this point yesterday at the conclusion of a mission to the UK, gave no clue whether the Government would approve the sale of Harrier jump-jet fighters to China.

This is now widely regarded

in the aerospace industry as the key to any possible additional sales to China, whether of aerospace or other equipment from other industries.

Virtually every aerospace leader who has been in contact with the mission has been left with no doubt that the Chinese are pinning a great deal on a positive UK Government response to the request for Harriers.

Many of those industry chiefs believe that if Britain denies

China the Harrier, the hopes expressed by Mr. Smith for further trade deals worth between £4bn and £5bn will be dashed.

Nevertheless, Mr. Smith yesterday continued to express optimism about Anglo-Chinese trade. He said that one outcome of the mission's visit might be co-operation on the extraction, processing and refining of minerals, including copper, lead, zinc and titanium.



ALASTAIR HETHERINGTON

## Guardian ex-editor quits BBC Scotland

By Ray Porman, Scottish Correspondent

MR. ALASTAIR HETHERINGTON, Controller of BBC Scotland for the past three years, is to be replaced from the end of the month, midway through his employment contract.

The 58-year-old former editor of The Guardian said yesterday that he had resigned, and would become a member of BBC Radio Highland, the day bilingual English-Gaelic service run from Inverness.

It is clear that Mr. Hetherington's departure is the result of continuous friction between him and BBC senior management in London over how much autonomy he should have in Scotland; the amount of money available for expanding radio north of the border; and the attitude of London to programmes made in Scotland.

Only one hour in 67 made by the BBC for networked television comes from Scotland, and though radio services have been considerably expanded in the last month the new-format Radio Scotland has run into extensive criticism.

Mr. Ian Trethowan, director-general of the BBC, said that differences with Mr. Hetherington had become irreconcilable. A new Controller for Scotland would be chosen in the New Year, and until then Mr. Andrew Ford, a Scot who is now deputy director of News and Current Affairs, would stand in.

Mr. Hetherington said that the crisis had come to a head two weeks ago when he briefed the lay Broadcasting Council for Scotland about the fact that there would be further money for expansion of Scottish radio services until 1982.

He had already been warned by the Director-General that he should not brief the council in such a way as to imply criticism of the central BBC management.

The former editor's style has never fitted happily with the BBC way of working, which is closer to that of the Civil Service than to a Fleet Street newspaper. He admits to being belligerent, but says he has suffered provocation. Progress toward the objectives he had been set was painfully slow, and sometimes he had been needlessly obstructed.

Mr. Hetherington added that he had asked to go to the manager's vacant post at Radio Highland and had been slightly surprised when Mr. Trethowan agreed. He is a keen mountaineer and recently made a television programme about climbing, but does not speak Gaelic, which is still used extensively in the West Highlands and Islands.

## New chief for power board

By Richard Evans, Lobby Editor

LORD KIRKILL has resigned as Minister of State at the Scottish Office to become chairman of the North of Scotland Hydro-Electric Board.

He takes over on January 1 from Sir Douglas Hadow, former Permanent Under-Secretary at the Scottish Office, who is retiring from the £9,770 post after being chairman since 1973.

Lord Kirkhill will not be replaced as a minister of state. His responsibilities in the Lords will be taken by Lord McCloskey, Solicitor-General for Scotland, and at the Scottish Office by Mr. Gregor MacKenzie, the other Minister of State.

Lord Kirkhill, aged 49, is Scottish matters and on devolution in the Lords since his appointment in 1975.

# LABOUR

## 'Inflationary' pay deal attacked by farmers

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Farmers' Union yesterday attacked as "inflationary" an Agricultural Wages Board award which will increase full-time farmworkers earnings by an average of 13 per cent.

For the second successive year the board made an award above the Government's guidelines, although the National Union of Agricultural and Allied Workers remains disappointed by the settlement.

The award will take the minimum basic rate for farm workers from £43 to £48.50. Minimum rates for craftsmen will rise to £54.58 and the highest grades of craftsmen will receive increases of 20 and 30 per cent. All overtime will be paid at time-and-a-half.

Mr. Alec Lewis, chairman of the NFU employment committee, said that with the removal

of the threat of Government sanctions the employers would have been prepared to grant an award of about 10 per cent to give agricultural workers a "realistic increase" without departing too far from Government guidelines.

However, the 13 per cent award went "much further than we consider reasonable in the present economic circumstances of both the industry and the country as a whole and we feel unable to support such an inflationary award."

Mr. Jack Boddy, general secretary of the union, said that he was not happy with the award but his negotiators felt it was the best obtainable in view of the opposition which they had faced.

The award directly covers 135,000 farm workers in England and Wales but it will

set the pace for increases in allied areas. Workers in other industries, where pay is traditionally low, will be pleased that the board has made an award substantially above the Government's guidelines.

A settlement giving minimum increases of 10 per cent was reached yesterday for 20,000 workers employed by paint manufacturers. Local deals above the increase in basic rates will also be possible.

Mr. David Warburton, national industrial officer of the General and Municipal Workers' Union, said: "It is an important breakthrough in view of the negotiations due to take place in the New Year for 120,000 chemical workers."

The agreement will increase the industry's national minimum weekly rate from £38.25 to £46.75.

## TUC backs UN plan for multinationals

BY OUR LABOUR CORRESPONDENT

THE TUC is to urge the Government to give support to a proposed UN code to control conduct of multinational companies. Members of the TUC Economic Committee have endorsed the plans, and seek a meeting with Mr. Eric Varley, the Industry Secretary, to ask Government support for them.

Mr. David Lea, an assistant general secretary of the TUC, drew up plans for the United Nations Commission on Transnational Corporations. They have been approved by the International Confederation of Free Trade Unions and the Trade Union Advisory Committee of the Organisation for Economic Co-operation and Development.

Under the proposals multinational companies would be expected to provide Governments and unions with reports on steps they had taken to comply with international codes of conduct at least once a year.

It is suggested that Governments of all the countries where a particular multi-national operates should be able to meet the company to discuss its plans, and that unions should set up a world-wide information and consultation machinery.

Governments and unions which failed to obtain co-operation from a company would be entitled to complain to the UN Commission. This body would produce a report, and the home Government of the company would be expected to take action to ensure compliance with its findings.

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## Times launches appeal for more negotiations

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS management last night launched a new appeal to union leaders to resume negotiations on the industrial relations problems which have led to the suspension of all publication since November 30.

Mr. Duke Hussey, chief executive, wrote separate letters to Mr. Joe Wade, general secretary of the National Graphical Association, and Mr. Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel.

Mr. Hussey said in the letter to Mr. Wade that the management was willing to begin talks "at any time convenient to the NGA."

A formula for negotiations on the range of issues involved in the Times Newspapers suspension of publication, including the question of who should operate a new technology composing system, was reached at talks chaired by Mr. Albert Booth, Employment Secretary, last week.

The talks have failed to take place, however, because of union objections to the company's dismissal notices sent to more than 3,000 staff at the weekend.

Mr. Hussey said in his letter to Mr. O'Brien that many of his union members, who include clerical staff, on the shortest periods of notice, wanted a salary on whether to accept new proposals from the company on terms and conditions for their jobs.

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## SACKING OF 12 BRINGS SUDDEN BBC STRIKE

## Behind the dark TV screens

BY PAULINE CLARK, LABOUR STAFF

THE SUDDEN strike by 9,000 BBC staff in the London area has added a sharp dimension to the present state of industrial relations in the Corporation.

BBC management has made strenuous efforts in the past three months to ward off the threat of a television blackout.

Its efforts have been directed at sorting out pay problems which have been the source of mounting frustration among its 26,000 weekly and monthly paid staff.

Since September the BBC has made representations to the Government on the issue, put in a claim for its staff to be made a special case outside pay policy, and paid a 3 per cent lump sum to all as an advance on this year's wage increase in spite of the fact that no agreement had yet been reached on pay after over three months of negotiation.

Staff at midnight on December 12 in the pay dispute.

Film-processors in the ABS refused to handle the films to go out on news programmes, and the 12 involved were promptly dismissed. By Wednesday night the ABS had called out all its members in sympathy, and demanded reinstatement of the 12 before a return to work.

The ABS claims that it made clear when the overtime ban started that the action covered use of contract crews as well as BBC staff. Freelancers were expected to follow the same strict deadline on the 12-hour shift set earlier by the union.

Management has so far insisted that the news editor at Southampton who employed the contract crews was in line with normal procedure, and that it was not a circumvention of the overtime ban.

enabled them to negotiate a 20 per cent rise, while 20,000 monthly-paid staff were caught by the Phase One cut-off point.

In addition to the anomalies this created in the corporation, staff and management have joined in growing concern over the wide pay gap which they say has developed between the BBC and independent television companies.

The gap is said to threaten quality of BBC television services, causing loss of good staff to higher-paid jobs in the independent companies and leading to training and recruitment difficulties.

The path toward a solution has been made more complicated not only by the Home Office's recent refusal to grant special-case treatment to BBC staff, but also by the firm line taken by the union side that its fight is with management and not with the Government.

## Frustration

The mood of industrial relations in the BBC is undoubtedly influenced by the overall dissatisfaction felt by staff. The strength of that frustration is suggested by the fact that the present action is the first to cause major disruption to services.

Sporadic bouts of action in the form of overtime bans and work-to-rule have disrupted late-night BBC television programmes for some months.

The pay issue includes two major problems, both of which can be attributed to the effects of three successive years of restrictive Government pay policy.

With the first phase of pay policy in 1975, the annual settlement date for the corporation's 6,000 weekly-paid workers

enabled them to negotiate a 20 per cent rise, while 20,000 monthly-paid staff were caught by the Phase One cut-off point.

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The gap is said to threaten quality of BBC television services, causing loss of good staff to higher-paid jobs in the independent companies and leading to training and recruitment difficulties.

The path toward a solution has been made more complicated not only by the Home Office's recent refusal to grant special-case treatment to BBC staff, but also by the firm line taken by the union side that its fight is with management and not with the Government.

The unions attacked the management for propaganda motives, for instance, when it decided to transmit a caption announcing industrial action over Government pay policy on blank screens caused by the overtime ban.

Pay negotiations with the five unions in the BBC continued yesterday amid hopes that progress on this issue might sweeten the air sufficiently to lead to a solution of the film-processors' dispute.



## Trust Houses Forte management changes

Sir Charles Forte, at present deputy chairman and joint chief executive of TRUST HOUSES FORTE, is to become executive chairman. Lord Thomson continues as chairman.

Mr. Eric Hartwell, vice chairman and joint chief executive, will be chief executive.

A formal amendment of the articles of association will be submitted at next year's annual meeting, but the responsibilities will be assumed now.

Mr. Rocco Forte, a director and Sir Charles's son, has been appointed deputy chief executive, and Mr. L. A. Russo, a director, also becomes a deputy chief executive with responsibility for special assignments.

Sir Charles has also been appointed chairman of Saamprogetti, an engineering contractor, part of the Italian-based State National Idrocarburi group.

Sir Charles, whose appointment takes effect immediately, has been associated with the group for nearly 20 years. Saamprogetti, which established engineering offices at Basingstoke in Hampshire in 1974, is the main contractor for the design, engineering and construction of a 65,000 barrels a day fluid catalytic cracker in South Wales.

MONSANTO has appointed Mr. Francis J. Fitzgerald as group vice-president and managing director of the company's industrial chemicals operating unit to head its Europe-Africa operations. He succeeds Mr. C. Preston Cunningham, a general manager and chairman of Monsanto Europe SA for the past three years.

Mr. Fitzgerald will be managing director, Europe-Africa and chairman of Monsanto Europe SA. He will transfer from the company's headquarters in St. Louis, Missouri, U.S. to its offices in Brussels on January 1.

Monsanto's Board has elected four new group vice-presidents: Mr. E. R. Harrison Jr., Mr. R. E. Burke, Mr. N. E. Reddy and Mr. W. Waggoner. Apart from Mr. Harrison, who succeeds Mr. Fitzgerald as managing director, industrial chemicals, they continue respectively as MDs of textiles, agricultural products, plastics and resins.

Mr. E. A. Bauer, executive vice-president, assumes responsibility for the commercial products operating unit in lieu of the appointment of a managing director.

Mr. R. C. M. Cooper becomes secretary to the PRICE COMMISSION on January 2. He replaces Mr. C. D. E. Keeling, who has been secretary to the Commission from January 1976.

Mr. Peter K. Marlow, lately secretary of Mercury Securities, is retiring.

and personnel and administration director of S. G. Warburg and Co. merchant bankers, has been appointed to the Board of MSMS INTERNATIONAL, executive recruitment specialists, from January 1.

LYLE SHIPPING COMPANY announces that Sir Jan M. Stewart resigns from the Board on December 31, to rejoin his business, communications. From January 1 the Board has elected as a director, Mr. Cuthbert Macleod, a partner of Paul and Williams, Aberdeen, and a director of Scottish Northern Investment Trust. Mr. Macleod is also a director of Lyle Offshore Group and Grampian Television as well as being a member of the White Fish Authority and the North of Scotland Hydroelectric Board.

Sir Michael Parsons, at present senior managing director, has additionally been appointed a deputy chairman and the chief executive of INCHCAPE AND CO. Mr. Parsons, at present an executive director, has been appointed a managing director.

Mr. W. E. King, who for a number of years has served as chairman of both the LONDON TANKERS BROKERS' PANEL and the International Tanker Nominees' Association, has been appointed to the latter from December 31. He will be succeeded as chairman of the London Tankers Brokers' Panel by Mr. E. J. Everett, a director of John I. Jacobs and as chairman of the International Tanker Nominees' Association by Mr. E. R. Shawyer, managing director of E. A. Gibson Shipbrokers.

STANDARD CHARTERED BANK GROUP announces that Mr. R. A. H. Reilly has been appointed managing director of Standard Chartered Bank from January 1. Mr. Reilly will succeed Mr. M. D. McWilliam, who is to become deputy chairman on that date in place of Mr. A. I. Robertson, who is retiring his commitments with the Merchant Bank. He will remain a director of the Merchant Bank.

THE POST OFFICE has appointed two new regional telecommunications directors. Mr. G. Brooks at present director of special studies, telecommunications headquarters, becomes director, north-eastern telecommunications region, on the retirement of Mr. Norman Gauden in January. Mr. Brian Cross, head of data systems planning in telecommunications headquarters, will be director south-eastern telecommunications region in March, and in succession to Mr. Terry Barker who is retiring.

# Less starry-eyed over solar systems

THE 1978 solar products market in Western Europe is only one-third of what was forecast a couple of years ago. Progress is also slower than projected in the U.S.

There are two major reasons why. The first is to do with the current "surplus" of oil which has kept prices lower than anticipated. This means solar products are not competitive with other energy equipment and there is no inducement to buy them.

Secondly, there is a developing awareness that some solar products are not meeting satisfactory standards of reliability and durability. With such a relatively new industry—solar only established itself three years after the 1973 oil crisis—there are no stringent quality controls in existence.

As the industrial market research organisation, Frost and Sullivan, warns in a report this year on the solar power market in Western Europe: "Mass failures in the initial stages may lead to future discrimination against solar equipment."

And Mr. Bill Schumacher, a member of the Energy Centre of the U.S. "think-tank" SRI International, recently told a London conference of energy planners that most solar manufacturers SRI had talked with had been unwilling to guarantee their equipment for more than 18 months.

## Learning curve

"There is a long learning curve yet to be travelled," Mr. Schumacher stressed. He said there was a danger of solar technology being pushed too quickly by government loans.

The role of government loans to encourage consumer purchase is seen as crucial by those involved in marketing solar products in order to make the equipment competitive with other energy sources.

Some 15 per cent of solar manufacturers in the U.S. have dropped out of the industry this year because of the indecisiveness of Federal and state governments about offering tax incentives for solar installations.

However, the impact on sales is not as great as first may appear, as many of the approximately 500 solar companies in the U.S. are very small and only make a few pieces of solar equipment at a time.

But now that a system has been passed by the U.S. Government giving installers of solar space heating and domestic hot water heating an end-of-year tax

## DOMESTIC SOLAR ENERGY INSTALLATION IN 1978

	Swimming pools	Water heating	Space heating	Heat pumps (pure)
West Germany	850	750	250	1,000
France	400	3,800	150	1,000
UK	800	1,200	0	500
Italy	100	4,000	50	100
Netherlands	20	200	20	4
Belgium	50	250	20	150
Denmark	5-10	30-50	3-5	300
Ireland	5	100	0	50
Austria	30	250	80	10
Switzerland	50	300	50	800
Greece	5	7,000	5	50-100
Spain	50	500	30	0
Portugal	10	100	0	0
Sweden	120	500	40	1,200

reduction, the situation is expected to improve.

This so-called "tax credit" system will come into operation in about a year's time and will amount to about a 24 per cent reduction in the cost of the units. However, only a few of the 50 individual states—such as California—offer similar credits against the taxes they assess.

In Europe, governmental support brings startling results. A survey conducted by solar experts gathered from all over Europe at last month's Solar Energy Products Markets Conference in London registered only four domestic space heating installations in Britain and these are for experimental housing.

West Germany, on the other hand, with its governmental help, has some 250. A solar industry source visiting four new solar houses in Essen reports that the Government provides DM4,000 (£1,070) for a heat pump installation if it is being used for space heating. The cost of such installations runs to about £4,000 to £5,000. The Essen equipment is linked to solar roofs.

However, there is one country where solar units appear to be competitive on their own merits and are not supported by any special funding. This is Greece. As can be seen in the table produced by the solar products markets conference, some 7,000 water heating installations are expected to be sold in Greece this year—half by a British Petroleum subsidiary.

Survey organiser, Mr. Aldo Eggers-Laura of the Danish consulting engineering firm, International Solar Power Company, says the solar market is now likely to pick up in the years

of 1980-85 instead of 1978-80 as anticipated.

As in the U.S., the biggest problem facing small European manufacturers in the intervening years is survival.

The news media is now "anti-solar" as well as "anti-nuclear" claims Mr. Eggers-Laura. Five years ago newspapers were promoting solar energy as a chance to "save the world," he says.

## Quality control

As for the solar industry, "if it is going to take solar energy seriously, it will have to take the quality control of its equipment seriously too," says Professor Ray Maw, director of Central London Polytechnic's Built Environment Research Group, which is testing an experimental solar space heating system in a house at Milton Keynes.

"If anything goes wrong, we can tell from our monitoring equipment," he adds. "But the consumer can literally be sold down the river. That is why adopting solar systems requires a degree of rigour which has not been previously necessary with space heating."

The main problems Professor Maw finds are with control equipment and electrical installations. "Putting it bluntly the quality of the products we are using—largely from the British market—is just not up to the job." Conventional domestic hot water systems do not require the same degree of accuracy. With solar heating, precision and reliability are crucial, he points out.

As for manufacturers refusing in some cases to guarantee solar equipment for more than 18 months, the length of its life-

time still appears to be anyone's guess.

According to industry researchers, the aim should be 20 years, assuming a moderate amount of maintenance. The longest periods in which solar equipment has been operating occur in countries such as Israel, where some panels have already been in use for more than 20 years.

Of course the great difficulty in predicting service life of solar water heating equipment is the fact that they have not been in use sufficiently long for manufacturers to give long guarantees.

Professor Brian Brinkworth, of the Solar Energy Unit at University College, Cardiff, points out that firms guaranteeing equipment only for 18 months may only have had installations in service for 18 months or so. "And until they have gained more experience, manufacturers are not going to make the type of long-term guarantee necessary if these systems are going to pay for themselves," he adds.

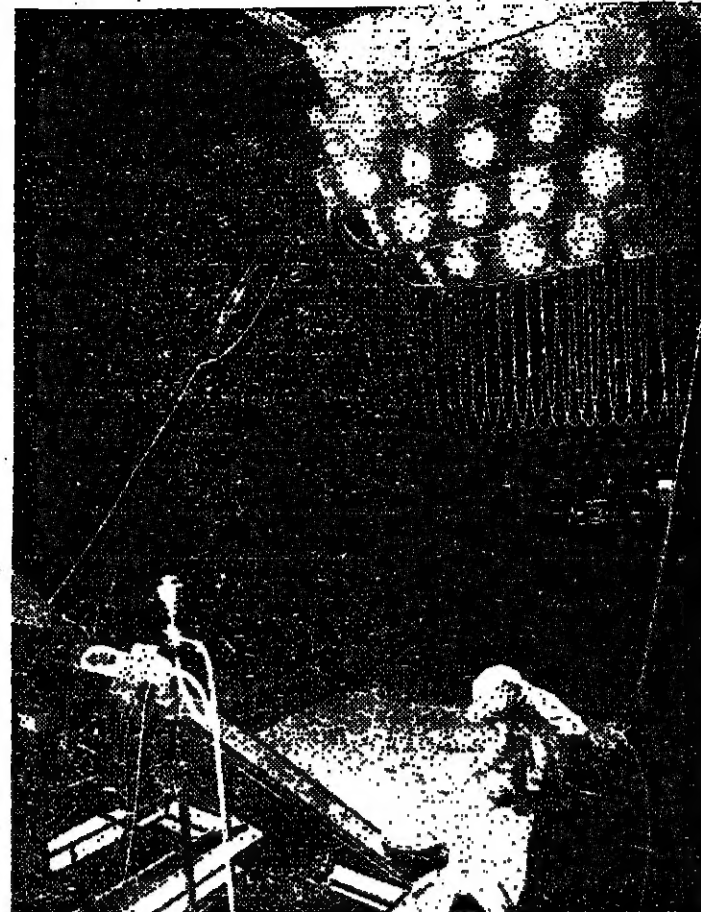
The pay-back period without any governmental credits is currently 10 years or more with other sources of energy available so cheaply. Until the equation is altered by changes in energy costs, the length of life of equipment is going to be the most critical quantity.

Professor Brinkworth's 27-man unit is the biggest research effort in the UK—and possibly Western Europe—concerned with establishing performance characteristics for thermal applications of solar energy.

Some £500,000 of R and D is presently in progress with funding from the UK Department of Energy, Department of Industry, Department of the Environment, the Science Research Council and the European Community. There is also liaison with industry.

Much of the work at Cardiff is also for the British Standards Institute. Professor Brinkworth is chairman of the Institute's committee responsible for national technical standards in solar heating, and his colleague, Mr. Bill Gillett, chairs the committee concerned with length of life characteristics—corrosion and the mechanics of degradation and so on. "And we are still at the earliest stages," the professor stresses.

In the U.S., some quality standards have been developed by the National Bureau of Standards and the American Society for Heating and Refrigerating and Air-Conditioning Engineers. But it is only



A solar simulator testing an energy collector at the Solar Energy Unit at University College, Cardiff.

this year that an organisation in Florida—the Florida Solar Energy Centre—has actually begun to test solar collectors and solar systems for domestic hot water heating.

However, the Florida centre does not represent a complete solution to the problem. It only tests parts of systems and there are many other components involved that could cause problems.

## Conventional

Mr. Ken Gerlach, an architectural research engineer with SRI International, who has been visiting solar sites and research laboratories all over the U.S. to identify problem areas for a Federal Government report, points out that a lot of the problems are conventional—"water leaks, incorrect installation and incorrect operation."

As for investment potential, industry sources stress the importance of placing solar in a secondary role to conservation. The consumer currently considers conservation as the most important way of economising,

so looks first to heat pumps, insulation and other ways of cutting down energy use. Then comes passive and lastly active solar collectors with pumps and water.

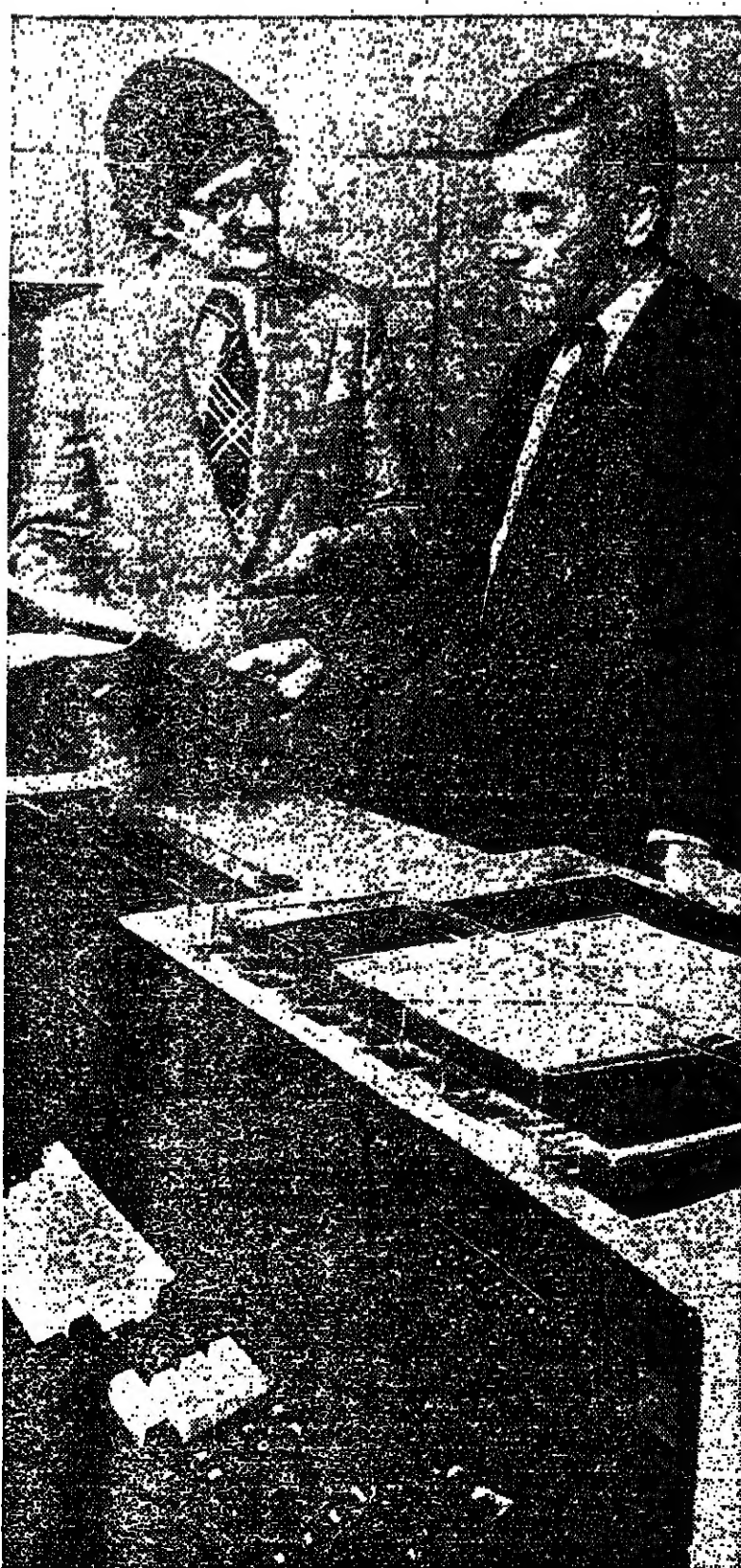
This is borne out by figures in the table. Heat pumps—which lift temperatures to a higher level—are becoming a popular item on the European energy scene. Some 1,000 heat pumps are expected to be sold in both West Germany and France by the end of this year; 800 in Switzerland and 1,200 in Sweden.

The growth in demand in this sector is illustrated by a small, but highly innovative company in Essex—W. R. Heatpumps—which launched its first air-to-water pool heat pump model in March, hoping to sell 25 by the end of the swimming pool season.

But instead it received orders for almost 100 installations in the UK and other parts of Europe and expects to produce 2,000 units next year not only for the European market, but North America.

## "When the FT was recommended you were very sceptical..."

Victor Brand (left) of Victor Brand Associates talking to Emily Evans of Kienzle Computers



"...but the coupon response and sales have already exceeded every expectation."

"The Financial Times was the spearhead of our 1976 campaign for the Kienzle 2000 computer. We needed to reach a truly national audience of senior businessmen, especially those with responsibility for purchasing and accounting. In addition, the business and office equipment press were included on our schedule."

### These are the facts:

The FT insertions accounted for 20% of the entire insertions on the schedule—yet pulled in 32% of the coupon response.

Cost efficiency? At first sight the FT appears more expensive to use than trade magazines. Yet while average response overall was 8.3 coupons per insertion, the FT's was 14.5.

Of all the Kienzle 2000 computers sold as a result of this advertising campaign, 42% have emanated from the FT. After 11 months the copy is still providing good quality replies with a high conversion rate.

Kienzle are delighted. Victor Brand Associates are smiling and the Financial Times doesn't mind admitting that it is rather pleased, too.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

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New Issue

This announcement appears as a matter of record only.

December 5, 1978

¥50,000,000,000

## Commonwealth of Australia

Japanese Yen Bonds—Series No. 3 (1978)

¥30,000,000,000 Five Year 5.6% Bonds Due 1983

¥20,000,000,000 Ten Year 6.5% Bonds Due 1988

Interest payable June 5 and December 5

The Nomura Securities Co., Ltd.

Daiwa Securities Co. Ltd. The Nikko Securities Co., Ltd. Yamaichi Securities Company, Limited

The Nippon Kangyo Kakumaru Securities Co., Ltd. New Japan Securities Co., Ltd.

Sanyo Securities Co., Ltd. Wako Securities Co., Ltd. Merrill Lynch Securities Company Tokyo Branch

Okasan Securities Co., Ltd. Osakaya Securities Co., Ltd. Yamatane Securities Co., Ltd.

Loeb Rhoades Securities Corporation Dai-ichi Securities Co., Ltd. Koa Securities Co., Ltd. Tokyo Branch

Marusan Securities Co., Ltd. Toyo Securities Co., Ltd. Yachiyo Securities Co., Ltd.

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Hinode Securities Co., Ltd. Ichiyoshi Securities Co., Ltd. Kosei Securities Co., Ltd.

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## THE MANAGEMENT PAGE

## Time to change career?

DOUGHT YOU to be studying Spanish in evening classes? Might you persuade your employer to send you on a computer appreciation course? Coming at this time of year, such questions are almost certain to invite the answer "No." But executives really ought to formalise their career planning by asking such questions occasionally, and by indulging "in deep thought, probably extending over several weeks," according to a personnel expert from P.A. Management Consultants, writing in the latest issue of *The Business Graduate*.

Nine out of 10 managers have no idea what took them into their current job (personnel, marketing, production management or whatever), claims Peter Greenaway.

It is no good doing one's personal statistics once done in the train on the way home, he argues. It needs time and structure—a number of key topics around which to arrange the facts and collect one's thoughts.

Greenaway's key headings are: Qualifications and Training; Work Experience; Personality; and Domestic Considerations.

Under the heading of experience, he warns that too many people talk of work as if it were a passive occupation; we tend to say "I was the marketing manager of Cruncho Crisps" when the more active way of looking at it is to say "I made the marketing policy for Cruncho."

On a matter of aggressive presentation, and more one of real substance, is Mr. Greenaway's question of why people succeed in some jobs and not in others. "A good salesman, did I make a poor sales manager?" "Fulfilled and successful in a head office staff role, did I then find the posting to the manufacturing sharp and less congenial and probably less successful?"

Under "personality," he includes such questions as "Can I negotiate? (Most of us think we can—but can we really?)" "Am I a cool and logical thinker, or an intuitive seat-of-the-pants merchant?" and "Am I a fast worker or a plodder?"

The *Business Graduate*, Autumn 1978, Journal of the Business Graduates Association, 87 Tavistock Street, London SW1V 6P. Tel: 01-630 9565/9.

## Joggers, brass monkeys and you

David Fishlock on the dangers of the daily constitutional



ONE OF my friends was on his daily constitutional in West London when he spotted his boss jogging towards him. Having no wish, he says, to embarrass a man 25 years his senior, he hid behind a tree until the danger had passed. This is just one of the dangers endemic in the fashion for jogging to which I, for one, have not yet succumbed.

I run quite enough risks in my own favourite form of regular exercise—walking. I usually head high up escalators. City gents tend to stand smartly on the right, as instructed, with their furled umbrellas at 45 degrees to both the vertical and the line of the escalator, the ferrule thus pointing wickedly towards the unwary climber.

A couple of years ago the BBC Overseas Service gave some publicity to a story, authenticated by the U.S. medical press, of a 53-year-old doctor who, while jogging in New Jersey one winter morning in a temperature of minus 8 degrees, contracted incipient frostbite of the genitals.

The nearest, perhaps, to jogger's syndrome is a condition called athletic pseudonephritis, more colloquially translated as jogger's kidney. The symptoms are those of inflammation of the kidneys, a potentially serious problem, although in the case of the jogger it seems to clear up in a couple of days. The danger is that the doctor will diagnose it as the real thing and unduly alarm his patient, as well as prescribing some unpleasant tests. We'll come back to the cause of jogger's kidney.

More easily explained, it seems, is jogger's nipple, mainly a female complaint, albeit one which sometimes bothers the overweight male executive. The cause seems to lie in the unaccustomed abrasion of the nipples against the clothing. The cure, of course, is simply a little lubrication—or a bra.

All of which leads one to ask, in the true spirit of inquiry, whether there is a scientific basis for jogging. A popular activity which is seen by some as a trifle exhibitionistic and by others as just too much like hard work. But will those who plan to ease the excesses of the coming weekend by donning a tracksuit be doing more than merely basking in a virtuous post-prandial glow?

Some of the medical folk who have looked seriously at the subject seem to be convinced that regular exercise does you

good. One or two studies have indicated that modern Western society has become quite incredibly sedentary. One study taken in Dublin, for instance, showed that about 25 per cent of the population was remarkably inactive both at work and in its leisure time, moving no more than a total of half a mile a day. As one researcher commented dryly, there is now a lot of evidence that something like one-in-four of us gets little more exercise than if we were to lie in bed all day.

Professor Peter Fentem, of the University Hospital and Medical School, Nottingham, is one medical scientist who approached the subject of regular exercise as a sceptic and became a convert. He has been doing some studies for the Sports Council and wrote of his findings in the *New Scientist* recently.

It is said that exercise is good for you. Oddly enough, the scientific evidence for this statement has only recently been gathered as a result of some ingenious new ways of observing the human engine at work.

One of these, joggers may be a little discomfited to learn, is to remove fragments from living muscles while they are working. Another is to take untrained volunteers and persuade them to train very selectively—one limb at a time, for example—so that direct comparisons can be made, on the same human engine, between exercised and un-

exercised muscles. (This must be the source of Monty Python's *Ministry of Funny Walks*.) What clearly emerges is that an unexercised limb is a less efficient biochemical machine. Untrained muscles release lactate, a chemical effluent which not only represents a waste of energy but limits the amount of power the muscles can offer and also causes pain and discomfort—in a word, cramp. Trained muscles, on the other hand, make better use of their fuel supply, harnessing perhaps two-thirds instead of only half the oxygen being delivered by the blood.

Of course, the muscle with which the jogger is usually pre-occupied is the heart: a gentle pump weighing about 300 grams, which pulsates about 100,000 times in propelling 14,000 litres of blood a day round the human engine. Even at rest this muscle accounts for about 11 per cent of the body's heat output. It demands about the same percentage of the body's blood supply.

Can it do for my heart? Is the first question asked by most people who seriously contemplate exercise. They may be disappointed to learn that exercise will not increase the heart's output of blood.

But the heart muscle moves in mysterious ways. Paradoxically, as Professor Fentem points out, a trained or regularly exercised heart beats more slowly than a neglected one. However, a slower beat means

that the pump itself is demanding less energy to propel the same volume of blood. Again, less energy is needed to pump the same volume against a low blood pressure than against a high blood pressure in the circulatory system.

And so, concludes the professor, "the effect of training is not so much to improve the heart's performance as to spare it by reducing the amount of work it has to perform and, by increasing its reserve, permitting even more exercise to be taken than before."

Following the consequences a little further round the subsystems of the human engine, however, we find there comes a point when exertion will demand more blood than the pump can provide. The first organs to suffer deprivation will be the intestines and kidneys—hence the problem of athletic pseudonephritis or jogger's kidney. Trained muscles need less blood and hence raise the threshold at which the gut is drained of blood to fulfil their demands.

So the scientific case, it would seem, is being established that regular exercise—planned maintenance, as it were—is a good thing for the human engine. But what of jogging per se? It is fashionable; and the evangelists have sold the idea to literally millions of Americans, right up to President Carter—as a drive round the parks of Washington on even a cold and wet Sunday

will testify. "Don't quote me," says one doctor, "but executives want instant health, and the attraction of jogging is that it is over quickly. Just 20 minutes a day gives you results." He adds, however, that while taking you longer, will give you the same results.

One problem for the medical scientists is how to prescribe a universal regime of exercise which could do some good for the human engine yet not bring the more sadly neglected or ageing ones too close to collapse. The problem was exercised by the 300 delegates from nearly 40 countries who attended the International Conference on Sports Cardiology in Rome earlier this year. According to World Health, the WHO journal, there was general agreement that the precise way in which exercise improves a person's health is still not understood. But physical activity ought to be maintained above a certain threshold—about 2,000 calories (8.4 megajoules) per week should be expended in strenuous exercise during which the heart rate should reach 130-150 beats per minute.

Professor Fentem points out, however, that accurate measurement of heart rate after exercise is more difficult than it seems. The heart rate falls so fast that a delay of only a second or two will give a result that is too low. "Thus a person can easily over-estimate his level of fitness."

He offers instead some empirical guidelines. At about 70 per cent of our peak capacity for short-term exercise we all begin to experience signs of distress, such as aching legs or true breathlessness. No-one, he says, should strain to a level which provokes such symptoms. Another is not to exercise beyond the point at which you can still hold a conversation. Yet another is to find a level of exercise you can sustain for an hour without distress, then maintain this level regularly—at least four days a week—for 15 minutes at a time.

He adds a note of warning: you can't bank exercise. It is useful only while you are taking it regularly. Food for thought, you might say, for those who are planning to undo the damage wrought in the next few days by popping into what Americans cheerfully call the "fat farm" early in the New Year.

## At eight miles high one doesn't need four breakfasts

BY NICHOLAS LESLIE

IT MAY well be coincidence, but we really were high into Bethlehem when I saw the light. I was just tucking into my fourth breakfast of the morning when I was struck by the realisation that perhaps I was overdoing the carbohydrate intake. We ectomorphs rarely have to think about what we eat. Built like greyhounds, we're the ones who don't bore people to death about dieting. All the same, or so I have been reliably informed, even we can put a strain on our systems by over-eating. It doesn't manifest itself in excess weight, but the rate at which we burn up food can apparently give the old heart a bit of a jolt.

So, when the warning came (could it have been from above? After all, I was flying eight miles up, so perhaps the reception there is clearer than at ground level) I took heed.

There is a very real danger of murdering one's digestive system on long journeys through the firmament. Just think about it a moment. I had had a light breakfast a little before 4 o'clock in the morning, before catching my flight. Less than three hours later I was being offered a light snack—nothing too heavy, mind you, since we were going to be allowed to snatch a quick forty winks. Two hours later, somewhere over the Gulf and feeling somewhat refreshed, along came a very hearty breakfast.

This time it was the works, the one really designed to fill you up. I wasn't sure that I was that hungry, but then I realised how many hours we had to go before reaching London and I succumbed. After all, spinning out the meal might make another 45 minutes go by a little faster.

Moving done greater justice to that meal than I expected, I found it necessary to ease the waistband a little and push the seat back into a reclining, and inestimably more comfortable position.

Well, in and behold, it seemed but a trice later that this friendly airline was tempting me to partake yet again of some light refreshment. When, I thought, would it stop? We were now six or seven hours into the flight and I was satiated beyond

belief. But, to be fair, local time below was around 7.30 am (give or take a bit, because I was losing track of things by this time) and in some people's book that is the hour for breakfast.

So, yet again I began putting away my food. I washed down with oceans of coffee. Then, with some considerable force, came the realisation that this was not doing me any good. I had had virtually no exercise for hours, yet I was eating much more than usual, and was beginning to feel very uncomfortable indeed as a result. This new-found enlightenment was reinforced by my recognition of the fact that within a relatively short period I would be served with lunch.

Worse was yet to come. I was by now beginning to appreciate the way time slips when travelling from West to East. At what hour, I asked an extremely attractive hostess, would we arrive in London? "About 12.15," she replied. With sinking heart I realised that that would be just about right for an early lunch (I had not, of course, reckoned with the gulf-air or work-to-rule by Customs people which stretched clearance through that department to over 11 hours). Four breakfasts and two lunches within about 16 hours was too awful a prospect.

I resolved that next time I would abstain from certain meals, no matter what the temptation. In a belated effort to compensate for my inactivity I began to walk around the aircraft. Perhaps special facilities should be organised for passengers so that they are pre-occupied into some obligatory exercises—Oriental-style.

For over-eating is not the only peril. Idleness compounds the danger, since it is supposedly bad for one's circulation. A colleague had a nasty turn recently after returning from the East, when 12 hours of total inertia precipitated a blood clot. The answer? Keep moving and don't cross your legs when you are sitting down.

These observations are backed up by no formal medical training whatever, but clearly even ectomorphs must have a care.

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMPUTING

## Novas shrink but power increases

HARNESSING recent advances in microcircuit technology to its drive to improve performance or reduce costs, Data General has brought out a new series of three machines in its Nova range. They are the Nova 4/C, 4/S and 4/X.

The first provides speed and capabilities comparable with its predecessors, but shrunk into the confines of a single board, whereas such machines traditionally require four boards or more. The two other machines are built on two boards and give a 50 per cent speed increase at much lower cost.

One of the main targets for the announcement is the other equipment manufacturer who will benefit particularly from the facility in the new machines for self-diagnosis. This will immediately show users what the problem is, and permit much quicker rectifications.

Nova 4/X can store up to 256,000 characters of information in main memory; the two other machines store 64,000 characters. Compatibility has been retained with all existing models in the series and a variety of languages including Fortran and business basic is supported.

These microprogrammed machines have the same architecture as the 16-bit Nova 3 machines, with a high speed buffer helping to eliminate the

cycle to fetch data from memory in most cases.

Instruction execution times are typically 400 nanoseconds for a start and 200 for an add.

Apart from the advantages of the diagnostics routines, which make high up-times easier to achieve, the machines, through their construction, provide higher reliability: there is a considerable reduction in the number of interconnections and gold-plated pins used on the back panels allow extremely reliable push-on connectors to be applied.

Among options is one for battery back-up that will support 256 K-bytes of memory for 90 minutes. A floating point unit may be installed to operate in parallel with the central processor and works much faster than similar units in the past, to carry out a double precision add in 1.6 microseconds.

With their improved speeds and greater capacities, the machines are suggested for medium to large systems in process control and in commercial environments. For instance, in semiconductor circuit testing, the 4/C is suggested as the brain for automated test equipment.

Further details from Data General on 01-572 7455.

## TEXTILES

## Improvement of carpets

BRITISH Carpet Manufacturers Association, backed on a 50:50 basis by the Department of Industry through the Garment and Allied Industries Requirements Board (GARIB), has commissioned a contract research project at the Shirley Institute to improve the methods used for joining carpet yarns.

Aim is to reduce the number of yarn breakages resulting from weak joints in winding, weaving, and tufting; avoid blockages caused by joints that are too stiff or too bulky, and cut down the extent to which finished carpets need to be "mended" by the manual removal of unsightly joints.

Spinners will benefit by being able to produce better-quality yarn that is more easily processed by the carpet manufacturer, and both productivity and the quality of the end-product will be improved.

Main lines being investigated

include a detailed assessment carried out in mills of present methods of yarn joining, coupled with an evaluation at the Institute of existing joining techniques and potential new ones, and of methods of joining. Outcome of the project will be a report making recommendations on the most appropriate methods for joining individual yarns including wool, acrylics, polyamide, polyester, regenerated cellulose, and polypropylene.

Shirley Institute has been chosen to carry out this project on the basis of a preliminary survey it did which showed that some of the present methods, particularly for joining yarns, were not entirely satisfactory and there was a clear desire for improvement.

Shirley Institute, Didsbury, Manchester, M20 8RX. 061 445 8141.

Large containers, while offering an economical and easy method of transporting goods over long distances are not all that easy to load, unload and move around. Various types of handling equipment have been developed to meet this problem and one of the latest devices, which itself would fit inside a 20 ft container, can be used to transfer 20- to 40-ton containers from one vehicle to another, from a vehicle to the ground or vice versa, on to loading banks and from one site to another in warehouses or on quaysides.

Push-button control of lift/lower movements is via a hand-held control on a 16 ft wand held. Modular Distribution Systems, 47, Ivatt Way, Westwood, Peterborough, PE3 7PN (0733 265309).

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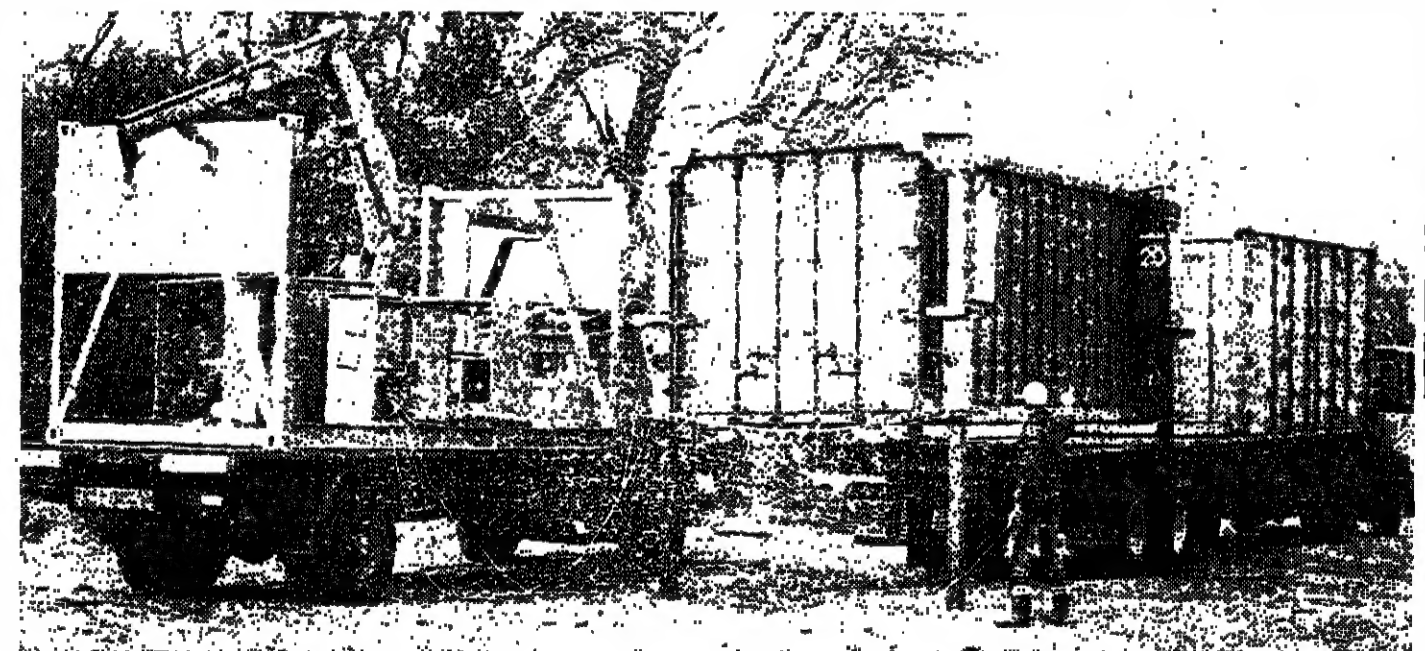
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## INSTRUMENTS

## Monitoring of vibration

ACCELERATION to current transducer which has application in vibration monitoring has been introduced by Robertshaw Skill of Skelmersdale, Lancashire.

The new Model 190 accelerometer is a novel concept in acceleration measurement and has a two-wire electrical layout for both signal and power, thus providing virtually unlimited transmission distances with no special wiring or cables. It is self-contained in a combination weatherproof and explosion-proof enclosure. Providing a standard 4-20mA dc output signal proportional to peak acceleration over a switch-selected range of 0.2 to 0.5G, it can be used for indicating or recording control purposes. Model 190 employs up-to-date solid state circuitry

with an ic regulator, to minimise output variations. A diode bridge input circuit allows operation with the leads connected in either polarity. The transducer is a piezoelectric charge generator type, with an internal pre-amplifier, whose power is supplied by a constant current generator. The output of the transducer is approximately 10mV per "G" peak acceleration with output current limiting at approximately 125 per cent of output signal.

The new accelerometer is used to monitor vibration levels of rotating or reciprocating machinery to detect mechanical malfunction. Robertshaw Skill, Greenhey Place, East Gillibrands, Skelmersdale WN8 9SB. Skelmersdale 23671.

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## PROCESSES

## Metal pre-treatment chemicals

TRI-KEM, Northampton-based manufacturer of process chemicals for the metal finishing industry, has negotiated a contract with the Chemfil Corporation of Detroit to make and market under licence the latter's pre-treatment chemicals for use in cathodic electropainting.

Hitherto the technology for cathodic electropaint has centred in the U.S. and licensing agreements have been negotiated throughout Europe by P.P.G. Industries Inc. of Pittsburgh. Use of the cathodic system in the automotive and domestic appliance market

offers many advantages over the conventional anodic system, the main benefit being that of increased rust inhibition on the finished painted product.

Chemfil Corporation claims to be market leader for all pre-treatments prior to cathodic electropaint, and to have a major share of this business in relation to the automotive industries.

Tri-Kem, recognising the advances made by Chemfil in improving zinc phosphating treatments, has secured an agreement on access to this technology which gives the UK

company ten years' experience overnight, so to speak. It will manufacture and market the Chemfil cathodic pre-treatment processes in the UK. Tri-Kem's current production of industrial cleaners and zinc, iron and manganese phosphating processes will continue side by side with the new products.

The operation will be at Tri-Kem's Northampton plant, and all UK sales will emanate from there. Sales in the EEC countries will be handled by the company's new Belgian subsidiary, Tri-Kem Europe SA.

## SEMINAR

## Linking the designers' efforts

MODERN production machine tools make extensive use of hydraulic equipment. Hydraulic power is used for clamps which are required merely to produce a force; for work-manipulation and tool-changing applications which involve also some control of speed; for feed drives (both constant-velocity and positioning types) involving also a requirement for high-stiffness; and for spindle drives and hydrostatic bearings in which energy losses must be minimised.

Recent and forthcoming developments will probably extend use of hydraulics for some of these applications, particularly those in which complex systems of valves may be required. Whatever the application, however, for the best results to be achieved, there should be close co-operation at all stages between the manufacturer of the machine tool and the manu-

facturer of the hydraulic equipment and that full use is made of the knowledge and expertise of the latter.

A seminar has been arranged by the Machine Tool Industry Research Association with the co-operation of the Association of Hydraulic Equipment Manufacturers (AHEM) and will be held at MTIRA's Macclesfield headquarters on March 21, 1979. The seminar is intended to help machine tool manufacturers and users to make the best use of hydraulics for some of their machine tool applications.

After an introductory paper setting out the machine tool industry's requirements for hydraulic equipment, the role of hydraulics in machine tools will be discussed and some new developments described. Some typical machine tool applications will be discussed and particular

attention will be paid to pipe-work systems and the assembly and maintenance of hydraulic equipment. Most of the papers will be given by experts from the hydraulics equipment industry.

The seminar will be of interest to all concerned with the design, specification, assembly or maintenance of hydraulic equipment on machine tools.

Further details from Neil Percival at the Machine Tool Industry Research Association, Hulley Road, Macclesfield, Cheshire SK10 2NE. Macclesfield (0625) 25421.

## Control for industry

THORN AUTOMATION

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LOMBARD

# The forecasting charade

BY DAVID LASCELLES IN NEW YORK

A short while ago, Mr. William Miller, chairman of the Federal Reserve Board, said of the U.S. economy: "We will have no recession unless we talk ourselves into it." Today, everybody seems to be doing just that. We have just entered the traditional year-end forecasting period when economists at banks, brokerage houses and businesses put out their predictions for the year ahead. In most cases these reports are lavishly presented at Press luncheons or receptions. So far, the contents have been almost universally gloomy, differing only on whether they think the inevitable recession will start in the first or second half of next year.

Not surprisingly, this sudden switch of bullish news has had its effect on the markets. Shares have fallen, and bond prices have gone into a decline. One of the leading brokerage houses managed single-handedly to knock three points off the Dow Jones index with its forecast of second interest rates and recession at the end of 1979. No one doubts that these forecasts are out with the best of intentions—to inform and stimulate the economic debate. But the striking point is that few if any of them are subjected to much critical scrutiny. The market simply reads, reacts and moves on to the next one. And in most cases one suspects, dealers react less to the report itself than to how they expect the rest of the market to react.

What it amounts to is something of a charade, with economists making predictions which have an immediate impact but are forgotten long before they are proved right or wrong, and with markets trying to anticipate recession. In short, Mr. Miller is right. The fact that the forecasts are all predicting gloom only increases the likelihood of their being proved correct. It is entirely the forecasts' fault, of course. The publicists and the markets must share some of the blame. But economists, particularly those engaged in long-term forecasting are lucky people. Their forecasts are quickly forgotten, and few of them are ever called to account. Also, since many people are in the business of predicting in one form or another, the pressure to bring forecasts to book is very small. But perhaps the dangers Mr. Miller harped on could be lessened if the forecasters' performance was more closely followed, and the winners and losers invited to bask or wriggle in the glare of publicity.

This suggestion is bound to upset the forecasters. They always say that retrospectives are unfair because predictions are "modified" as time goes by. But that evades the point. We are talking about the impact of a prediction at a particular moment in time. If they don't care to be held accountable at that moment, then they would do better to keep quiet. Not in New York, where it is inconceivable that a major Wall Street institution should fail to come out with its annual predictions. It would be like omitting a dividend, and since these predictions usually make good copy, they are picked up and published by the Press. But if someone is to keep track of the forecasts, who should it be? The Press would have to play some kind of role because the results must be published to be effective. But the Press is by nature less interested in the past than the future. And since it is also to some extent in the forecasting business, it is unlikely to do the job with much enthusiasm.

## Data processing

It would presumably have to be left to a specialist organisation or publication, which is probably why one of the few attempts at matching last year's forecasts with fact was made by Euromoney, the London monthly. Their survey, published a few weeks ago, showed that of all the hundreds of predictions made for the U.S. GNP growth and consumer price rises, only six were on target for the first and seven for the second. And only one organisation, Chemical Bank, got them both right.

In Britain, only the London Business School and Item Club were right on GNP, and nobody correctly predicted the rise in consumer prices. By any standards, this is a dismal record for what is now a multi-million dollar business with all the latest data processing technology at its fingertips, and one would do well to bear this in mind while the year-end prediction rush is on. Not that economists are wholly unaware of their failings. As one quipped here the other day: "I hear the crystal ball manufacturer just issued a big recall."

IT'S A common misapprehension that greetings card manufacturers take it easy at Christmas, having done their work months ago while the thoughts of the rest of us were on other things. In fact they are now at their busiest, not only plodding on with the production of birthday, get-well, marriage, new arrival and all the other year-round cards known as "every days" in the business but preparing for Valentines, Easter, Mother's and Father's Days ("spring seasons") and gearing up for the trade shows that will decide what sort of cards we will be offered at Christmas 1979.

So the season of ringing cash registers and overloaded postmen means intense activity for Dundee, a city that has been in the greeting card industry since 1825 when John Valentine began engraving wooden blocks for linen printing.

His descendants have been making cards ever since. The family firm, Valentines of Dundee, was bought in 1984 by John Waddington of Leeds, the playing cards and games makers, but a direct link still persists through Mr. Andrew Valentine, who left the company eight years ago, taking several senior executives with him to set up a new business of his own.

The two companies—Valentines of Dundee and Andrew Valentine Ltd.—have grown alongside each other, providing work for more than 600 employees, including outside printers, freelance artists and verse writers.

# A card for all seasons

It is a highly competitive industry, but the future looks good. As a nation, British banks, behind the U.S. and Canada, and short way ahead of Australia, West Germany and Holland. Last year we bought 1.7bn cards, worth £150m. This year, the Greeting Card and Calendar Association estimates we will buy 5 or 6 per cent more.

As you might expect, we sent most cards at Christmas. The desire to keep in touch with people we hardly give a thought to for the rest of the year and the attempt to send a card to everyone we expect is going to send one to us, means that Christmas cards account for nearly two-thirds of all cards sold. "Everydays" make up little over a quarter, Valentines, Mother's and the other "Spring seasons" about 7 per cent and singly boxed cards—highly regarded in the industry because of their high value—about 1 per cent.

Yet the card manufacturers are equivocal about the season of goodwill. They cannot afford to ignore such a substantial part of the demand, but they do not like the distinction it gives to their cash flow, nor the relatively low return.

For while the average greeting card buyer will happily spend between 1p and 20p on

"Everyday" cards, she (80 per cent of cards are bought by women) wants to pay very much less—probably about 4p—for each Christmas card. So, in spite of their volume, Christmas cards bring in only a third of the total income of the cards industry, compared with more than half from "everydays". Those highly prized box cards,

sale two Christmas cards hence. A second selection is made by the retailers, who choose their stock ten or eleven months in advance.

The aim is to get as accurate an impression as possible of the market demand, and it appears to work. Mr. James Galbraith, managing director of Valentines, estimates that the stock left in his warehouses is worth not

more than £20,000, whereas total sales this Christmas will be £2m. Valentines will destroy all unsold cards, preferring to produce new designs each year.

Andrew Valentine Ltd. (AVL) also gets its designs from home and overseas sources and has a link with Norcross of Philadelphia. Unlike its bigger neighbours, AVL rests designs for a year or two and reissues them, perhaps with different verses inside. Editorials, as the trade calls the words, are usually written by freelancers. Dundee seems to be unusually fertile ground for part-time poets who can channel their inspiration to the strict format of the greeting card.

"We feel that the design has to change from Christmas to Christmas. We are in a fashion industry, we've had sick humour, cutie-type with funny animals

wearing paper hats, but this year we are back to the traditional cards—snow scenes, robins and Santas," Mr. Galbraith said.

The designs come from a number of sources, either Valentines' own artists, or regular freelancers, or from abroad. Valentines have a link with Valentines of Australia (once an associated company, now U.S. owned) and with Gibson Greeting Cards of Cincinnati. "We tend to find the Australians are very good on Victorians, whereas the Americans have bags of colour and go for what I call paper sculpture with die-cuts and embossed cards," Mr. Galbraith comments.

But the verses inside cards come from only one source. Mr. Don Ferguson, the ex-garage mechanic who has been Valentines' verse writer for seven years and writes around 2,000 verses a year. These days his job is less arduous than when he started: "People now want shorter verses, four lines instead of eight, and whereas they used to be very sugary, they are now not so lushy."

Traditional Christmas themes provide Mr. Ferguson with a ready stock of key words and rhymes, but he is always looking for something new. He has a writer's reluctance to speak about work in progress, but, having wrestled with Christmas

and Valentines for next year, he is now tinkering around keys and open doors for 21st birthday cards.

AVL offers the full range of styles—whimsical, humorous (there is a difference), traditional and so on—but at Christmas relies heavily on the old favourites for what Mr. Bruce Gibbs, sales development manager, calls the "packages of sentiment".

AVL has already made its 1979 samples and is preparing to unveil them to the retailers. To meet the demand for cheaper cards at Christmas it abandons its innovation of individual film-wrapped cards which can be opened out so that you can read the verse before buying. In favour of packs of 10 or 20, enabling it to cut the price of individual cards by up to 50 per cent. But it has the luxury of a reminder: even at Christmas, that it does best from its more expensive, out-of-the-ordinary designs.

For 23.55, a yard-high Santa packed in its own box. A card that would give any temporary postman a heart attack.

## Underrated jumpers can repay interest in the New Year

WITH NO racing for a second successive afternoon, now seems a good time to look at some jumpers likely to repay support over the next three months.

The six I have picked should, given luck, produce some long-priced winners for the group concerned, several who appear to be underrated.

**Birds Nest (R. Turner).** This Entenango gelding has disappointed in three attempts at the Champion Hurdle but there seems little reason behind one offer of 16-1 against him achieving that goal in March. On his day Birds Nest remains the most difficult hurdler in the country to beat. He proved this twice last season, accounting for Night Nurse in the Fighting Fifth and beating Dramatist in the Bula.

**Blue Braes (R. Head).** Unlikely not to land a novice hurdle last term this son of Invanga's sister, Strathaven, will be all the better for his

him and he would also have been better served by more give in the ground.

**Major Thompson (M. H. Easterby).** One of the most illustriously bred geldings to have made the transition from the flat, this Brigadier Gerard gelding could, given normal improvement, go right to the top. But for the lack of a previous run Major Thompson might well have accounted for Kybo at Ascot.

**The Dealer (F. Winter).** Without doubt in my mind the best novice chaser seen out last season, this bay son of Raise You Ten may well prove capable of creating an unusual situation for his trainer and jockey in March, for by that time The Dealer, due to make his reappearance in early January, could well be the only home-trained chaser standing between stablemate Midnight Court and a second successive Gold Cup.

## RACING

BY DOMINIC WIGAN

even better 'chaser once his jumping improves. But for a jumping error, Border Fort might well have beaten Kairo Scott at Cheltenham last time out.

**Cancello (N. Crump).** Although a disappointment to some when only fourth behind Dyscole at Ascot on Saturday, this Middleham gelding, probably he excused his placings. The two-mile trip was far too short for his

outling of a few days ago and might well prove a long-priced winner in useful company.

**Border Fort (R. Turner).** Another strong sort, this Border Chief gelding is a smart hurdler and seems sure to prove an

## TV Radio

BBC 1 and BBC 2 television programmes may not be screened owing to industrial action.

### BBC 1

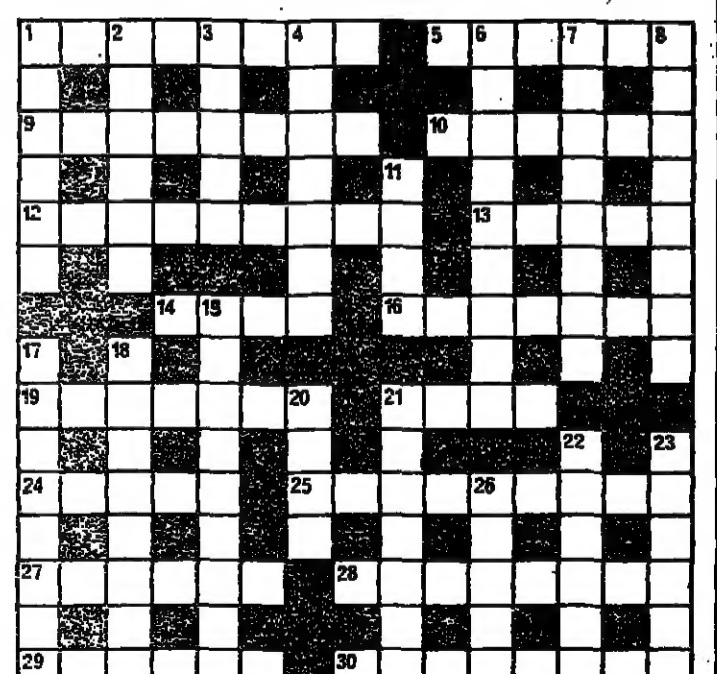
† Indicates programme in black and white

9.50 am Paddington. 9.55 Jackanory. 10.10 Why Don't You. 10.35 Charlie Brown. 11.00 Buck Rogers. 11.30 The Fantastic Journey. 12.05 pm Tom and Jerry. 12.30 A Christmas Carol. 12.45 News. 1.00

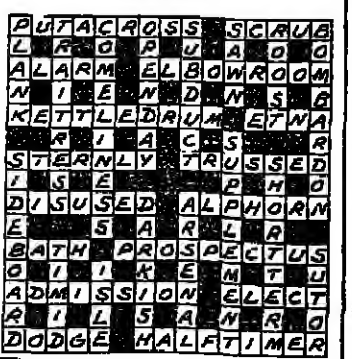
Pebble Mill. 1.45 Heads and Tails. 2.00 "The Adventures of Huckleberry Finn." 2.45 Tom and Jerry. 3.53 Regional News for England (except London). 3.55 Play School. 4.30 Pigeon and Dixie. 4.35 Jackanory Writing Competition. 4.40 Captain Caveman. 4.50 Crackjack. 5.35 The Clangers. Cartoon (London and South East only). 5.45 News. 6.00 Ema's Broadcasting Company. 6.35 Rolf at Christmas starring Rolf Harris. 7.30 Star Trek. 8.00 Citizen Smith. 8.30 The Liver Birds. 9.00 News.

9.25 Starsky and Hutch. 10.15 Max Boyce. 10.55 News. 11.00 The Late Film: "The Thomas Crown Affair," starring Steve McQueen and Faye Dunaway. All Regional programmes as BBC1, except at the following times: BBC Wales—1.45-2.00 pm Melin Wyn. 5.35-5.45 Wales Today. 7.10 Heddiw. 7.30-8.00 It's Welsh Radio. 10.55 Regional and National News. Scotland—10.55-11.00 Regional and National News. Weather. Northern Ireland—5.35-5.55 pm Northern Ireland News. 5.35-5.45 Northern Ireland News. 5.35-5.45 Northern Ireland News. 10.55-11.00 Regional and National News.

## F.T. CROSSWORD PUZZLE No. 3,855



- ACROSS**
- Zealous reporter with intelligence to sell (8)
  - Factor routes to waterways (6)
  - Skill of painter on railway (8)
  - What one usually does with cupper's cat (6)
  - Spare time during period of depression (4-5)
  - Chap painting organ (5)
  - Photograph injection (4)
  - Busy female worker on point of going to drinking den (17)
  - Mixture confused last between one morning and another (7)
  - Fresh start with ancient enclosure (4)
  - Shelter church offers old doctor (5)
  - Neat example of hard-up wind player (9)
  - Cosh—so by air with bovine blither (6)
  - Trial too jumbled up on the shore (8)
  - Consult on how to begin work (4, 2)
  - Present person with a West-end offer (8)
- DOWN**
- Almost reach Pole in good time (16)
  - Intelligence young Henry displays as well (6)
  - She at becoming hurried (5)
  - Authority for attack on tub-thumping (7)
  - Unfair treatment of timber before planing (8, 4)
  - Set in motion a transcribed cut duet (8)
  - Character of suburban house established in interval (8)
  - Is doubly a flower (4)
  - Beast gets definite chance to keep everything for himself (3, 3, 3)
  - Illumination of which George has not much (8)
  - The French seller of perfume (8)
  - Greenstuff not in the Rolling Stones' collection (4)
  - Tradesman working in bloomers (7)
  - Low sound revolutionary tied up (6)
  - Rod gets point of view right (16)
  - Tax at 10 per cent (5)



## BBC Radio New Wavelengths

1 1258 kHz/205m 100% RDS 2 1258 kHz/205m 100% RDS 3 1258 kHz/205m 100% RDS 4 1258 kHz/205m 100% RDS

## RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Jones. 12.00 Jimmy Young. 12.30 Top of the Pops. 1.00 News. 1.30 Paul Jones. 2.00 Top of the Pops. 2.30 News. 3.00 Paul Jones. 3.30 Top of the Pops. 4.00 News. 4.30 Paul Jones. 5.00 Top of the Pops. 5.30 News. 6.00 Paul Jones. 6.30 Top of the Pops. 7.00 News. 7.30 Paul Jones. 8.00 Top of the Pops. 8.30 News. 9.00 Paul Jones. 9.30 Top of the Pops. 10.00 News. 10.30 Paul Jones. 11.00 Top of the Pops. 11.30 News. 12.00 Paul Jones. 12.30 Top of the Pops. 1.00 News. 1.30 Paul Jones. 2.00 Top of the Pops. 2.30 News. 3.00 Paul Jones. 3.30 Top of the Pops. 4.00 News. 4.30 Paul Jones. 5.00 Top of the Pops. 5.30 News. 6.00 Paul Jones. 6.30 Top of the Pops. 7.00 News. 7.30 Paul Jones. 8.00 Top of the Pops. 8.30 News. 9.00 Paul Jones. 9.30 Top of the Pops. 10.00 News. 10.30 Paul Jones. 11.00 Top of the Pops. 11.30 News. 12.00 Paul Jones. 12.30 Top of the Pops. 1.00 News. 1.30 Paul Jones. 2.00 Top of the Pops. 2.30 News. 3.00 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THE ARTS

The best pantomime this Christmas

by NIGEL ANDREWS

The First Great Train Robbery (A.A. Leicester Square Theatre, Dog Soldiers (K).

Dear Inspector (R. Curzon, Every Which Way But Loose (A.A. Warner West End, Scene, ABC Fulham Road.

Set in Victorian England and subliminally, the film tells the story of a gold bullion theft in 1855. Michael Crichton's The First Great Train Robbery is an unlikely and hugely enjoyable change of pace from the writer-director of Westworld and Coma. Crichton has achieved his flair for eerie Science Fiction tales of man's inhumanity to man, and constructed a "caper" movie that after initial fumbling (an overdose of stiff Victorian pastiche in the dialogue and of arch slapstick in the action) emerges as irresistibly lively and stylish.

If you are short of ideas for Family Entertainment this Christmas, look no further. The film boasts some handsome pantomime-style settings—from a glittering mock-up of Crystal Palace to a colourful backdrop of the Parisian and a winning double-act by Sean Connery and Donald Sutherland. Connery, with his beard as a Victorian policeman with a taste for Perfect Crimes, and Sutherland is his shady Irish accomplice adept at cracking both safes (other people's) and knuckles (his own).

It is Connery's inspiration to set a train carrying government gold bullion to the coast for shipment to the Crimean War. The first problem is to find and duplicate the four safe-keys, which have diverse owners. The second problem is to break into the guard compartment of the moving train and break out with the gold. The first occasion some scenes of elegant subterfuge, spiced with sexual disarming tactics by Connery's mistress (Lesley-Anne Down), and punctuated with acrobatics by Sutherland's Wayne Sleep as a circus clown specially sprung from prison for his criminal expertise.

The second inspires a cliff-hanging race to resistance worthy of Topkapi. Connery, performing his own stunts, runs the length and breadth of a fast-moving locomotive roof while Wayne Sleep, leaping up and down, attempts to decapitate him. It has never been so much sympathetic ducking and weaving of heads in an audience watching this sequence. At the end of the film, in a mixture of self-deprecating and nervous excitement, the Press show audience broke into happy and unbridled applause.

Rarely, the Dog Soldiers is a sour, subtle and curiously facile post-mortem on the Viet-

nam War. The film appears at least five years too late, it seems to me, since not only has the war itself ended, but so to a great degree has the disenchanting aftermath that mood of desperate scepticism and moral disorientation which had its catharsis in Watergate.

Beiz's film, based on a novel by Robert Stone, tells the story of an American soldier returning from Vietnam (Nick Nolte) who agrees to smuggle heroin back into the States for one of his service friends (Michael Moriarty). In America he contacts his friend's wife (Tuesday Weld) as instructed, but learns that she knows nothing of the deal and does not have the

money to pay him. Narrowly evading the attentions of a ruthlessly inquisitive CIA agent (Anthony Zerbe), Nolte takes to the open country with Miss Weld, finds a hilltop hideout, and waits for the world to come to him. In due course the world does so: in the shape of Zerbe and his henchmen, newly joined (under duress) by Nolte's returned Vietnam comrade, Siega, shoot-out and showdown follow.

Reiz appeared on TV recently, eagerly promoting the idea that Dog Soldiers is basically a modern Western—a "high adventure" story with modern moral and sociological trimmings. What bothers one

is that for an updated Western it seems more old-fashioned than most. real Westerns. The screenplay—laconic, expensively filled, self-consciously "hip"—is like a do-it-yourself American dialogue kit late-1960s issue; and in the action sequences we are never allowed simply to watch the spectacle qua spectacle, but always nudged into seeing it as spectacle qua allegory.

What that allegory is all about, if it is about anything beyond the transcendently glib sentimentality that life is a moral jungle not only in Vietnam but back on the home front, remains an enigma. Strong, sensitive photography (by Richard H. Kline), and ditto performances

from Tuesday Weld and Michael Moriarty, make the film seem even more of a sad waste of energy and intelligence than it might otherwise have been.

After Pardon My Affect, too, one fears the worst from French comedies opening at the Curzon cinema. But Dear Inspector is a surprise and a delight. It is co-written and directed by Philippe de Broca, who has had a picturesque up-and-down career in the French cinema, with a tendency to disappear without trace between isolated successes. (This is one of the successes). And it stars Annie Girardot—spiky, volatile and attractive—as a Paris police inspector: a lone bastion of feminine distinction in a world of aggressively exclusive Male Chauvinist Piggy.

The film also stars portly Philippe Noiret as the man Mlle Girardot knocks over on a bicycle one day and falls in love with. M. Noiret returns her love, goes on teaching Greek at the Sorbonne and has no idea that Mlle Girardot is a "fic." While that plot thickens, another one starts up. Numerous French Deputies start to die off after being punctured in the back with sharp instruments. (Awls, to be exact). Can Mlle Girardot (a) solve the crime (b) keep her professional identity a secret from M. Noiret, whom she thinks it might deter romantically?

The film works like a charm. The crime plot has just enough exotic plausibility to compel interest and suspense, and de Broca beautifully interweaves with it his off-centre sad-funny, middle-aged romance. Well worth a visit.

One cannot say the same for Every Which Way But Loose. Philo's your regular easy-going guy" says the Press synopsis about this film's hero, played by Clint Eastwood. Those wishing to model themselves on Philo-Eastwood's easy-going regularity may wish to know that it includes having an orangutan as a best friend, developing a state-hopping amour (on for a Country and Western singer (Sandra Locke) and using his fists to pulverise his fellow men at frequent intervals. In the service either of financial gain—he invites bets on impromptu boxing fights—or of self-defence. Instances of the latter are precipitated by Eastwood's simultaneous harassment by a large gang of spider-tattooed, hell's angel from Los Angeles and by two LA policemen whom he ill-advisedly feels in a bar-room brawl.

The orangutan steals the film. Not that there is much competition. Mr. Eastwood, playing a Californian trucker with what seems to be an awful lot of time on his hands, repeats with Miss Locke their immovable Force - and irresistible-Object romantic duo from The Goodbye, while Ruth Gordon overacts almost certifiably, like a pixie on LSP, as Eastwood's eccentric mother. The film has a desperate and unsalvageable untidiness. So inchoately does the avalanche of American virility clichés tumble from the screen that one neither knows, nor greatly cares, what is coming next. At the Press screening, as if to prove the point, two reels were shown in the wrong order; with no one in the audience perceptibly disconcerted.

Clint Eastwood has developed a habit recently of homing in on British cinema screens at around Christmas-time (last year with The Gauntlet, the year before with The Outlaw Josey Wales). The timing is apt, since Eastwood's increasingly far-fetched movies, gift-wrapped in machismo, but so preposterous as to be inoffensive, offer the closest approximation currently available to adult Disney.

Palladium

Aladdin by MICHAEL COVENEY

Never—we'll not at least since last week's new British musical has so much money been thrown away after so little. You would have to go a long way to find a more complete travesty of the spirit of pantomime than this vulgar, thinly written, badly produced, appallingly choreographed explosion of bad taste. The microphoning and amplification is a disgrace, the acting dreadful and everyone on stage melts like butter in advance of Danny La Rue.

Now Danny La Rue I admire. I admired him more as a club performer and I even quite liked him in his last pantomime, Cinderella. But he is not a pantomime dame. He is a baritone in lush drag, a twinkling alchemist of poor material, safe for the mums these days, alas, and quite a neat mover. But Widow Twankey's tale is one of rags to riches. Danny first appears with a washing basket on his head and baby clothes round his apron, complete with nail varnish. There is no transformation needed for this already confident Madame, who steamrollers any competition into the wings.

We first see Princess Belroubadour (Wei-Wei Wong) in the Palace gardens, which look like a setting for the next Camay soap commercial. Aladdin (Alfred Marks) is finally foiled in a grisly Star Wars commercial. Money is behind everything in this show. The ghastly Abba hit number "Money" is the theme and traditional panto sentiments are buried under a welter of awful cheap-looking glamour and phoney ensembles. Children in the audience warmed only to the trampolines.



Danny La Rue

antics of the Pekin Police, changed by wealth into an obliging circus clown troupe. And Wayne Sleep does himself little credit in his corny dance sequence in the Palace of Jewels, settling for a sort of camp muscularity he no doubt feels appropriate for his lawdry surroundings.

The Warehouse, Covent Garden

Awful Knowful

IN The Adventures of Awful Knowful, the Royal Shakespeare Company's Christmas offering for children at The Warehouse in Covent Garden. The Voice is intent upon taking over the world. Until the final scene it exists only as a disembodied public address system, but it is served by Jakopo and Maria—a couple of punk hooligans in black skin-tight outfits, played with great relish by Rory Edwards and Michele Copey. Awful Knowful (Richard Derrington), all in white, is hunting down The Voice—presumably the name of truth, justice and beauty though that is none too clear—helped by Geronimo, a highly coloured sort of rag-doll cat who speaks with Donald Duck's voice, a feat achieved with great charm (and presumably some mechanical device) by Charlotte Cornwell.

Geronimo is one of the creations of Professor Madchat, who has also made The Killer Robot, and a zombie called Croton who proves to be the hit of the show. Dressed in a von Daniken space-man suit, topped with plastic dreadlocks, scarlet spectacles and big rubbery lips, Croton (played by Nicholas le Prevost) repeatedly proffers kisses to the audience.

Since the Warehouse is a miniature theatre-in-the-round, this is a perfectly practical proposition producing squeals of delighted horror. Parents not wishing to "volunteer" army style, to give a blood donation to Dr. Blood and his well muffled nurse, Florence, or to serve as a model for the Professor's strangulation demonstration (both honours falling to our critic much to the hysterical elation of younger Dunkleys) would be well advised to avoid the front row.

Other notable characters in a cast unusually large for this sort of modern Christmas production, included a grinning green-faced giant spider; a couple of cowboys; Lasse Fever, the faster runner on earth; Dr. Knotin-



Richard Derrington

Leonard Surt

bankie, the greatest memory man on earth; and P.C. McKnee, the greatest policeman on earth. As may be gathered from this, Peter Plannery and Mick Ford have written a show which offers little or nothing to children who enjoy sentimental songs or crying their eyes out over Bambi or Snow White. But for the sort of tough, modern children who are supposed to spend all their time watching Starkey and Hutch and the like, it is sure-fire material. John Caird and Howard Davies have directed with terrific pace, and children from the audience are allowed to roam over the rope ladders and see-saws on stage before the show and during the interval.

CHRIS DUNKLEY

Rozhdestvensky duo

by DOMINIC GILL

Stepping down for the evening from his retirement with the BBC Symphony Orchestra, Gennady Rozhdestvensky joined his wife, Victoria Postnikova, in a programme of four-hand piano duets at St John's on Tuesday. It was a agreeable, informal evening. Rozhdestvensky is not a concert pianist of the same calibre as Postnikova; but they make a lively ensemble nonetheless, satisfyingly balanced, quick and responsive. The most substantial work of their Russian first half was Rakhmaninov's set of Six Pieces op. 11, which they played with style, nicely synchronising the tricky rubatos of No. 2, and emphasising the contrasts of the finale, quietly nostalgic, grandly rhetorical.

They also gave the duo sonata of Mussorgsky—a rather thinly worked "symphonic exercise" at 1860; and with singers from the BBC Chorus an interesting five-minute fragment discovered in the Mussorgsky Archives in the 1930s and apparently here performed in public for the first time, of a Market Scene from the unfinished opera-ballet collaboration Miada. Their second half was all English: a light-hearted selection of four-hand ballads by Warlock, Ravel's "The Swan"; Lambert and Berkeley—most effective the Grainger "Let's dance gay in green meadow"; a play of contrasting colours laid out with characteristic Ivesian ebullience.

Schubert/Webern

by RONALD CRICHTON

The fourth evening of the London Sinfonietta's series, on Wednesday, brought five Schubert works (one of them a group of songs orchestrated by Webern) and eight by Webern—half counting the Schubert songs but counting a very distinguished Bach arrangement. Although the concert was as enjoyable as it was in various ways instructive, one can't hope to mention, let alone discuss, all the works. David Atherton conducted the Sinfonietta and attendant chorus, Phyllis Bryn-Julson was the soprano soloist. There was a good audience so concentrated on the music that there wasn't a cough to be heard (a typical burst of South Bank coughing could annihilate about three pieces by Webern) in spite of foul weather.

Webern's Symphony op. 21 was given for the first time anywhere in the original version, with the strings reduced to a solo quartet (at Webern's own suggestion), the two existing movements played in order of composition, with the Variations first, and the projected third movement "reconstructed" by Alvin Stout—at first acquaintance the scoring of this finale sounded plain compared to the rest but consistently so. The Eight Orchestral Fragments of 1912 were heard for the first time in this country.

The Sinfonietta's programming and programme editing are so generous and imaginative that one hesitates to say that the evening's booklet was not very helpful about this work, while the Moldenhauer hook adventurously bound into the programme for the whole series has not so far yielded much on the point—this is a later version of the "seven pieces for orchestra" apparently begun in 1911? They are related in their moods to the Five Pieces op. 10, also included on Wednesday, but even unior (and comparatively) coarser cut.

Another side of Webern was illuminated by the beautiful setting for chorus and orchestra of Hildegard Jones's poem Das Augenlicht (which made a deep impression at the London ISCM Festival of 1938) and the First Cantata, to words by the same poet, in which this often fugitive (but not indefinite) composer becomes at moments positively assertive. The five Schubert songs (though the Rosamunde Romance, strictly speaking, hardly needed this attention) sit very well on Webern's orchestra. The restrained purity of Miss Bryn-Julson's style was more suited to "Thürnenregen" and "Im Bild" than to "Der Wegweiser" from Die Winterreise or "Du bist die Ruh." She negotiated two groups of Webern songs with a cool ease almost entirely unruffled by some perilous leaps. The Schubert items included the remarkable Kleine Trübsinnmusik for wind (D. 79) in which the Sinfonietta horns atoned splendidly for one or two minor lapses earlier in the evening.

Plays and Players awards

The Plays and Players annual theatrical awards, the choice of the London theatre critics, confirmed Whose Life Is It Anyway? as the best new play and its author Brian Clark shares the most promising new playwright award with Nigel Williams (for Class Enemy). Best performance by an actress went to Diana Rigg for Night and Day; best by an actor was Nicol Williamson in Inhuman Possession; best acting in

a supporting role was Dorothy Tutin in The Double Dealer and Michael Bryant in the same play won the best supporting actor award. The best new musical was considered to be Anne; the most promising new performer David Threlfall of the Royal Shakespeare Company; the best production by a designer was Harold Prince with Eric and for a designer Tanya Moiseiwitsch for The Double Dealer at the National.

Arts news in brief

A week of dance with Kate Fitz's Dance Company, and the London debut of two American soloists—Lucinda Childs and Elizabeth Walton—take place from January 10 to 14 at the Riverside Studios, Hammer-smith.

Lucinda Childs, America's foremost experimental dancer/performer, will present a programme of solo works including Plaza (1977), Katema (1978). Work in progress with Philip Glass (a section of a five part piece to be presented in New York next year in collaboration with Sol LeWitt), on January 10, 11, 12, 13 at 9 pm. She recently appeared in Robert Wilson's production of Patio at the Royal Court Theatre but this marks her first performance in London as a dancer.

Kate Fitz will present People Who Dance, a programme of folk dances and new dance works inspired by her recent journeys through Greece, Bulgaria, Romania, Hungary, on January 10, 11, 12, 13 at 7 pm. Elizabeth Walton, formerly a leading member of the Paul Taylor Company of New York will offer solo works by James Walcott, Gus Solomon Jr. and Dan Waggoner at 8 pm on January 14.

The 1978 Jowling Chronicle/ M. H. Winge Literary Awards have been won by Dan Jacobson, for his novel Confessions of

Josef Balz (Secker and Warburg, £3.95) and Lionel Kochan, for his, The Jew and His History (Macmillan £7.95).

The authors each received a cheque for £1,000 at a presentation party at Statimere Hall.

John Whiting Award

The Arts Council has announced that the John Whiting Award 1977 is being shared by two playwrights, David Halliwell and Sao Wilson. David Halliwell's award is for Prejudice which was presented by Temba; Sao Wilson's is for The Glad Hand, produced at the Royal Court. The John Whiting Award was instituted in 1965 to commemorate the late John Whiting and his contribution to post-war British theatre. The award (this year £750 to each of the winners) is given for work which demonstrates a new and distinctive development in dramatic writing, and is particularly relevant to contemporary society. Past recipients have included Tom Stoppard, Peter Nichols, Peter Terson, Howard Brenton, David Rudkin and David Edgar. Last year's winner was David Lan. The judges this year were actress Lynn Farleigh, actor and director Anton Rodgers and playwright Peter Barnes who shared the award in 1968 with Edward Bond.

This announcement appears as a matter of record only

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# Uneasy New Year calm

THERE IS a sharp contrast between the actual New Year forecasts in the new OECD Economic Outlook, which are reassuring, and the prose assessment which exhibits a good deal of anxiety about the future.

The forecasts are reassuring because they show not only a continuation in the present upward movement in the main industrialised countries which make up the bulk of the Organisation's membership, but because of a change in the composition of that growth. The U.S. growth rate is expected to slow down while that of Germany to increase, thus reversing the previous pattern of a U.S.-led recovery. Other things being equal this should ease the pressures on both the dollar and the mark.

The OECD forecasts perform one useful purpose—even to those who are sceptical about such operation. This is that they can be much more frank about the likely slowdown in U.S. growth—now seen as falling to 1 per cent in the course of 1979—than the Administration in Washington, which tries to pretend that it has rejected all thought of recession to curb inflation and currency weakness.

## Fine-tuning

But it one looks at the OECD forecasts in more detail, not only the U.S. but most other countries are expected to slow down by the second half of 1979. The German and Japanese upturns are expected to lose momentum; and the U.K. growth rate is also expected to decline to 1.1 per cent, implying a renewed rise in unemployment. This, coupled with a forecast of an improving UK current payments balance, gives Mr. Healey a slight to cover the electoral nakedness of his broadcast hint about lower taxes.

It is at this point that one has to remember that the OECD represents a particular point of view, that of active demand management. As it sees the world, demand and output will always be growing too slowly or too fast, or in the wrong countries, without highly active and co-ordinated demand management by governments. It is a philosophy observable in its flagging. One sees the fiscal stimuli it had so much commended giving output a boost at the end of 1978 and the beginning of 1979, but then waning in their effects as next year progresses. One wonders how international growth was ever achieved during the two centuries before the so-called Keynesian Revolution.

The alternative to the OECD approach is not, as is often

alleged, "to leave things to the market," as if that were a policy. What is required is some study of the conditions under which markets will function best and of the general rules of action—as distinct from ad hoc interventions—by which Government can promote that stability. The OECD warns that unless the readiness of industrial countries to adjust to a changed system of demand is stepped up, the world "could risk stepping back by half a century" into trade war conditions.

One of the most interesting single estimates which the OECD does provide is that every 10 per cent rise in the dollar price of oil adds 1 per cent to the average national inflation rate. As the OECD assumed a very moderate oil price increase the rise just announced by OPEC will add the full 1 per cent to the inflation rate—assuming accommodation and thus monetary policy—and thus make it likely that world inflation will after all start to rise again in the course of 1979. The abrupt shock would have been avoided if OPEC had priced in SDRs and thus made a gradual adjustment to changing currency values.

Even more interesting is an OECD estimate of what it calls the productivity shortfall since 1974. This is the amount by which output per man has fallen below its previous trend line. Part of the shortfall is assigned to cyclical factors, in other words to the severity of the last recession and imperfect recovery from it. But a large part of the shortfall is not directly due to business cycle factors. The two countries with the biggest shortfall here are the UK and Italy, averaging 2 to 3 per cent each, which in terms of annual rates is very large indeed.

## Job-Saving

The OECD mentions "employment-supporting" measures, such as industrial subsidies and special public sector employment programmes, and legislation increasing the cost of layoffs. It would be interesting to know if these measures have been larger in extent, or simply more restrictive in design and application, in Britain and Italy than in France and Germany. As for the results, unemployment figures which the OECD tries to put on a common basis—is higher in Britain and Italy than either in France or Germany or the general average. These figures do not prove that "job-saving" activity destroys jobs, but they do at least suggest that Mr. Callaghan should stop boasting about the sums of money he has forced the taxpayer to put into a myriad of industrial schemes until he can show better evidence of results than any so far available.

# A ten-nation Community

GREECE'S negotiations for membership of the European Community have now passed the critical watershed, and the event is one which should, on general political grounds, be warmly welcomed. Like the two other applicant countries, Spain and Portugal, Greece has long sought closer links with the Community and for many years the Community insisted that only democratic countries could be offered membership. Now that all three countries have once again become democratic, it is inevitable and appropriate that the way should be opened for them to join the Community.

In Greece's case the political arguments are particularly telling. Greece has been associated with the Community ever since 1962, and the motivating force for that association—the need to link the country more closely with its Nato allies in Europe—still holds good today. Indeed, it is arguable that Turkey, which has also been associated with the EEC, for a very similar length of time and for identical reasons, should in turn become a full member, if only this might help ease the conflicts between Athens and Ankara.

## Problems

These general political arguments in favour of the enlargement of the Community can not hide the very real practical problems to which it will give rise. When negotiations became a practical issue, these problems began to loom much larger, and fell into two main categories: the free movement of workers, and participation in the common agricultural policy. The Germans, who benefited from the immigration of large numbers of "guest workers" in the boom years, and then were saddled with the problems of what to do with them in the slump, have been afraid of mass immigration from the poor Mediterranean countries. The French and Italians have been afraid that Greece, Spain and Portugal would offer unacceptable

competition for their own agricultural industries. In the event, this week's negotiations have settled both these issues on terms that are much more favourable to the Greeks than those which the Germans, French and Italians were originally prepared to offer. Yet it is clear that the problems posed by Greece in these two areas are much smaller than those of Spain, which has a population four times as large. The unanswered question is whether the Greek terms will constitute a benchmark for the negotiations which have started with Portugal, and which are due to start next year with Spain.

The central question here is: what are the real intentions of the French Government? General de Gaulle was a vocal advocate of enlargement to the south, on the romantic grounds that France was a country with a Mediterranean vocation, and would be strengthened by the adhesion of Mediterranean allies.

Since then, however, popular opinion in France has become much more hostile to the idea of enlargement.

The one problem which has not figured in the Greek negotiations is the effect of enlargement on the Community's decision-making procedures. In a Community of nine, decisions have proved even more laborious than in one of six; when the number is enlarged to twelve decisions will be even more difficult, especially since the three newcomers are poorer and more agricultural than their northern neighbours. To the present British government, this may seem a positive benefit if it averts the (quite illusory) danger of federal decision-making in Brussels. The government may also hope that enlargement will bring the farm policy crashing down. These hopes are contradictory, however, since a radical change in the farm policy can only be achieved (if at all) by majority vote.

THE SHARP fall of the U.S. dollar this week and the further rise of U.S. interest rates are a reminder—if one was needed—that the problems of the U.S. currency were not removed by President Carter's support package of November 1.

It is too early yet to talk in terms of a crisis on the scale of the selling of late October, the rally yesterday suggests that there is likely to be some respite until after the end of the holidays. But the events of the last week have exposed both the continued frailty of the dollar and the foreign exchange market's doubts about its immediate prospects. Indeed there had been signs of weakness even before last weekend's announcement of larger than expected increases of oil prices in 1979 triggered the widespread heavy selling of Monday and Tuesday.

The result is that the dollar has lost nearly a third of the ground it gained last month against the Deutsch Mark and Swiss franc in response to the end of October and November the average value of the dollar against the currencies of its main trading partners rose by roughly 74 per cent, but it has since fallen by 3 per cent, back to the level of the early autumn.

The fluctuations of the dollar have dominated international financial discussions this year, and look like doing so again in 1979. The persistent weakness of the U.S. currency has exposed fundamental flaws in the international monetary framework as it has developed since the breakdown of the fixed exchange rate, or Bretton Woods, system seven years ago. The resulting search for stability has been the main pressure, for instance, behind the creation of the European Monetary System, due to start on January 1. What happens to the dollar from now on will be a key determinant of whether EEC currencies can remain linked together in the EMS and of the prospects for a broad recovery of world trade and activity.

There is no easy or straightforward explanation why the dollar has fallen by nearly 15 per cent on average since the middle of last year and by much more against the world's strong currencies. Consequently there is no sure way of saying when, or if, a lasting rally will develop.

At one level some economists argue that to talk of a dollar problem is misleading and is to mistake the symptom for the disease. On a longer-term view it is, of course, possible to point to the great expansion of dollar holdings overseas over the last decade and to the desire of major investors to spread their portfolios among a range of currencies besides the dollar.

But the decision to switch investments also reflected a more immediate concern about the U.S. economy. In particular, the initial pressure in mid-1977 was prompted by the downturn from \$4.3bn in 1976 to a deficit of

\$15.3bn in 1977 and between \$17bn and \$18bn this year. In addition, there was concern both about the rate of expansion of the money supply and credit and about the prospect of accelerating inflation. The annual rate of increase of consumer prices accelerated from 5.1 per cent in 1976 to 7 per cent in 1978, compared with an average of 6.1 per cent for industrialised countries as a whole, and much less in Japan and Germany.

While the current account has improved during this year, the existence of a large cumulative deficit and the recent acceleration of the inflation rate explain a large part of the dollar's continuing decline. But as this morning's report from the Organisation for Economic Co-operation and Development points out, "none of these factors, alone, could reasonably have justified the position of the dollar at the end of October," when it had fallen by nearly a fifth in 12 months.

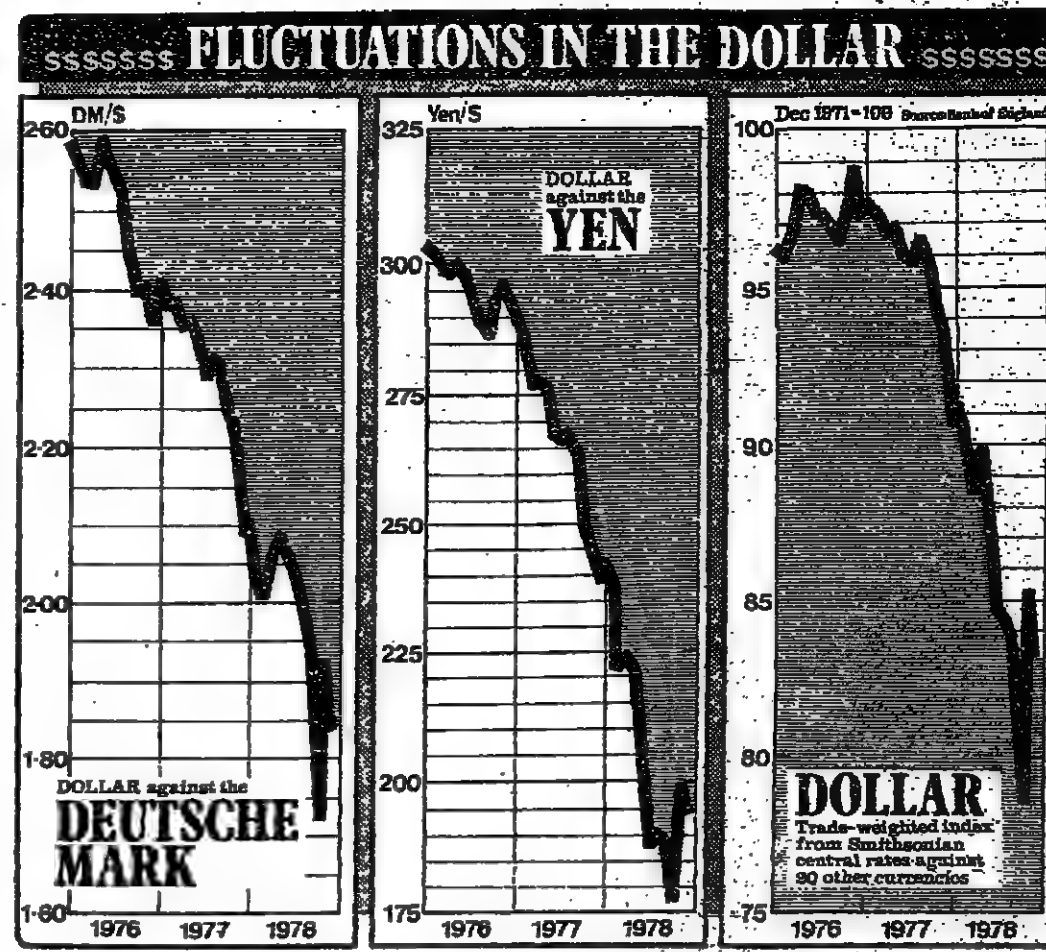
But "together they may provide a rough indication why—without external help—a further decline of the dollar may have been required to convince enough investors to move into dollar assets, thereby providing the necessary financing for the continuing current account deficit, some structural capital outflows (U.S. investment overseas), and possibly some diversification of official reserves from dollars into other currencies."

The importance of capital flows out of the U.S. is shown by new OECD estimates of official purchases of dollars to support the rate made by central banks of the major industrialised countries. They amounted to \$47.5bn in 1977 and the first nine months of this year combined, compared with a total current account deficit for the period of \$29.6bn. Moreover there was intervention of \$6bn in October alone. These figures understate the scale of central bank activity, with gross market intervention of \$53bn between February and the end of October. These totals highlight the point that no amount of intervention can mop up downward pressures and prevent a decline in the rate if the monetary flows are in the opposite direction.

These pressures appear to have been aggravated by the diversification of reserves by oil-producing states and other developing countries. In the first three months of this year there was a switch by OPEC countries of a little over \$1bn out of dollar assets into those denominated in other currencies in Euromarkets, even though OPEC states added \$1.4bn to their financial investment in the U.S. In the second quarter identified OPEC financial investment in the U.S. fell by \$2.1bn—the first drop since the increase of oil prices in late 1973. However, in this period, the aggregate reserves of the OPEC countries dropped by \$3.1bn and the reduction of dollar investments may have largely

# More troubles ahead for the U.S. dollar

BY PETER RIDDELL, Economics Correspondent



reflected the reduction of their investible surplus, and the cash squeeze on some countries.

Non-oil developing countries increased their official holdings in the U.S. by less than \$1bn in the first half of this year compared with a rise of some \$6bn in their reserves, and there is a widespread belief that some of the smaller central banks may have reduced their dollar holdings since then.

In any event the selling pressure became so intense by late October and the lack of confidence so deep that the Carter administration was forced to announce a wide-ranging support package. This followed a series of what were seen as half-hearted measures, such as the activation of swap facilities with central banks and an increase in sales of gold.

But the package of November 1 was more comprehensive both in the extent of the financial support—about \$30bn from central banks, from the International Monetary Fund, from the issue of foreign currency securities, and from sales of gold—and in the nature of the domestic measures. In particular, the market was reassured that the U.S. authorities appeared to be tackling a fundamental cause of the "dollar problem" by tightening monetary policy through a rise both of interest rates and of the banks' reserve requirements.

The hope was that this would finance a bridging operation until the current account improved substantially. The Carter Administration took point to widespread projections

that the current account deficit would decline by about \$10bn in 1979 to between \$7bn and \$8bn as exports benefited from the sharp improvement of the competitive position of the U.S. and from the expected faster growth in Europe.

The unstated hope was this: would be sufficient to convince market sceptics that the dollar had, as all the politicians claimed, been undervalued. In many respects the success of the operation might be judged by the extent to which it was unnecessary to draw on the \$30bn support facilities. For instance the turnaround of confidence in sterling had been reflected in the drawing of only half of the IMF standby credit and none of the Basic safety-net to protect against sudden withdrawals of sterling balances.

But confidence has not yet returned in the dollar. After the initial sharp rally the market has tested the willingness of the U.S. authorities and foreign central banks to intervene both to maintain orderly markets and to prevent the dollar from weakening. This policy was reflected in the comment, after the rally, by Mr. William Miller, the chairman of the U.S. Federal Reserve Board, that the dollar was now in an appropriate zone. He said it would be premature for the dollar to become much stronger, while if the dollar became weaker that would be "inappropriate and unacceptable."

Mr. Rimmer de Vries, a senior vice-president of Morgan Guaranty, estimated before this week's pressure that the major central banks had spent between \$6bn and \$10bn on intervention

since the beginning of November.

Countries other than the U.S. have an interest in the stability of the dollar. Both West Germany and Japan are keen to avoid a further appreciation of their currencies—after rises of nearly a sixth and a fifth respectively in the past year.

Both countries are worried about the impact of such changes on the competitive position of their exports. The volume of Japanese exports, for instance, is estimated to have fallen at an annual rate of 12.1 per cent in the second half of this year. The snag is that intervention will boost the growth of the money supply in the country that does intervene and hence jeopardise its chances of containing inflation. The demonstration by the central banks of their willingness to intervene heavily was at first regarded as a welcome signal of a change of sentiment. But the intervention has now become a more negative influence and has been seen as a sign of the foreign-exchange market's continuing nervousness.

The renewed pressure on the dollar in part reflects doubts about the rate of improvement of the U.S. economy. There have been doubts about the Carter administration's willingness to press home the battle against inflation in view of the risks of producing a recession with less than two years to go before a presidential election. The latest rise of interest rates gives some reassurance, though

there is unlikely to be a quick improvement. Indeed, the forecast rise of consumer prices for 1979 was revised upwards this week from 6.5 per cent to 7 per cent.

The decline of the current account deficit may also not be as rapid as previously hoped partly because economic activity is still fairly strong in the U.S. and manufactured imports may be buoyant early next year.

On imports, however, there is likely to be next year since the flow through the Alaskan pipeline has already reached its maximum. The rise of oil prices, announced last weekend will add around \$5bn to imports next year, while this is not of itself crucial, the proposed increase is characteristic of the many continuing problems of the U.S. economy.

In addition, there are no real signs yet of a change of policy in those countries which had been switching out of dollar holdings. Even if some of the short-term doubts may be removed in time, overseas investors appear unlikely to place their faith in the dollar, as strongly as they did in the past.

What all this adds up to for the dollar in 1979 is still more a guess than a forecast. While an increasing number of people make a lot of money from forecasting exchange rates, journalists are unwise to be among them. But for what it is worth, the forecasters think the dollar is unlikely to recover strongly over the next 12 months with a range of forecasts of either slightly more or less than the current rate. The U.S. inflation rate is still, after all, likely to be higher than the international average, so a higher rate would not be justified on competitive grounds.

There are certainly plenty of potential difficulties ahead from the U.S. economy itself—notably the political position in the middle East and Iran. All this could upset current calculations and the market is apprehensive about what further action the U.S. Administration might take—such as more direct controls over capital movements. There is, however, an expectation that higher interest rates will be needed to restrain monetary growth.

The future level of the dollar has key implications for the start of the EMS in 1990. Dollar instability would put severe strains on the links between the lira and the Deutsche Mark since most of the upward pressure would presumably be on the latter. Indeed one of the main reasons why West Germany was so keen on launching EMS was to provide what was, for Bonn, an acceptable way of creating a European currency bloc and a reserve asset to counterbalance the dollar. Several European leaders are keen to broaden out any zone of stability to include the Yen and the dollar. What the events of the last 18 months make clear is that this can only be achieved if economic and monetary conditions are right. Otherwise no amount of intervention will produce stability.

# MEN AND MATTERS

## Stepping down a slot

"A bull in a china shop" is how Alastair Hetherington used to admit he was described by critics after he took over as Controller of BBC Scotland. Accustomed to the powers of a Fleet Street editor to make snap decisions, he inevitably became frustrated at the slower-moving processes of Broadcasting House. But though he won sympathy for his attempts to speed up the processes he also quickly used up much of the good will which had greeted him, according to one senior broadcaster yesterday.

The row that led to his resignation was over finance and his offending the BBC's cherished canons by briefing in advance his own lay broadcasting council.

Hetherington had also been battling with London over programmes. He alleged discrimination against those made north of the border but Bill Cotton, controller of BBC 1 TV, was said to be particularly incensed at this. He felt he had bent over backwards to be fair to Scotland despite, in many people's views, the quality of its output.

Such criticism from Auntie had apparently been felt in the news field too, with London threatening to put its own foreign correspondents in Glasgow, according to reports in the general slating of Radio Scotland's new approach. From Radio 4 it has degenerated to a cross between Radio 1 and a Scottish Women's Rural Institute, one colleague says.

Such comments in part reflect the problems that Hetherington, now 39, had inherited on leaving the Guardian three years ago. That he has stood up for more autonomous Scottish broadcasting and worked to improve quality is generally accepted.

At a time of rising nationalism



"How far to the Right can it safely lean?"

his own Scots credentials too have never been questioned. Now he is to take over as head of the tiny Radio Highland in Inverness. The previous head has just become senior Press officer for the BBC in Glasgow and by taking the post ex-Major Hetherington has apparently joined the ranks. But he will be able to make more programmes about his favourite pastime, mountain climbing. Those who like such programmes thought highly of his last film on this specialised subject.

## Back hander

Ford of Cologne are proud to announce that they have "looted the cashbox" for journalists and instead given Transit buses to three West German charities. It is a step which Ford of Dagenham are unlikely to emulate. Firstly, the company tells me that it does not like to publicise its gifts to charities, in part because doing so "leads to such a wave of begging letters." And secondly because in the wake of "Lockheed and

all that" the practice of giving gifts to journalists has "tended to die out." Colleagues would question whether in general it has completely perished but the National Union of Journalists tells me that it at least is delighted with the Germans' move. "Bloody marvelous. This giving of gifts can be pernicious. It is about time companies did something sensible with their cash."

## Liquid Gold

There were some chuckles yesterday in that usually sombre office, The Royal Mint. "In 30 years here nothing of that sort has happened," I was told in tones of amazement by one of its employees. The something in question was the small confession by the U.S. Treasury's Assay Office in New York that it has mislaid some of the country's gold. It is not sure how much, but it is at least \$1m worth. Nor is it sure when it happened, though maybe it was between 1973 and 1977, maybe before, maybe after.

All that is known for certain is that at least 5,200 ounces cannot be accounted for. It is of course a mere fraction of the 20,000 ounces that pass through the office each week. But it does amount to 200 bars of the stuff. "The truth may never be known," says the Assay Office. To this the Royal Mint, adopting a more serious tone, started talking to me of "natural losses in refining." But when I told them of the last time the U.S. lost track of its gold—in 1955 when a charitable employee of the Denver Mint was asked to retire after giving 1,800 ounces to needy recipients—a chortle followed and the comment: "It is rather difficult to contemplate HM Treasury giving to a charity, however worthy."

## Economy lesson

Ritt Bjerregaard, a cool 37-year-old brunet, is frequently tipped to become Denmark's

first female Prime Minister. She is, in a sense, following the Thatcher mould and is already Minister of Education—or was, no one was quite clear in Copenhagen last night. For now both her present post and her future aspirations have received something of a blow.

Her problems result from a \$3,700 bill she ran up while on a 12-day trip to Paris for a UNESCO conference in October. She took a suite at the Ritz (£2,600), hired a limousine (£1,700), gave a lunch party costing £230 and a dinner party which set the Danish taxpayer back £1,030. Paris, everybody, knows, is gay, but the opposition was not impressed at it being so expensive as well.

With Anker Joergensen's government already facing Callaghan-style problems with the Danish TUC, the last thing the pugnacious ex-unskilled worker wants is a vote of censure on such conspicuous consumption. So yesterday he told his high-flying colleague that she could either pay £2,000 towards the bill or consider herself dismissed.

The figure was calculated as the difference between the actual cost and what a reasonable cost would have been. But last night the Minister of Education was refusing the suggestion that she had been sent to stand in the corner. Asking why she should pay for a normal off-trip, she protested: "As I have not been dismissed I consider I am still Minister."

## Frank and Dank

My thanks to the refuse collection department of the London Borough of Waltham Forest for the undoubted saying of the week: "If collections are running normally, dustbins and sacks will be cleared up to four days late from Tuesday, 2nd January, 1979."

Observer

The exception that could prove to be your rule.

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Quality in an age of change



# ABM joins the crisps and nuts battle



Dr. Keith Bright, chief executive of Associated Biscuits

"IT WOULD have been lovely if this had happened in a year's time," says Dr. Keith Bright, Associated Biscuits' Managing Director. "But if you don't grasp opportunities when they come, you lose out."

This is the highly ambitious takeover agreement announced last week, whereby Associated Biscuits (ABM) will buy the Smiths Food Group from its present owner, General Mills Inc. of the U.S. for £16.5m. Subject to its shareholders' approval, the deal will increase ABM's food sales in the UK by 50 per cent at a stroke.

The bid follows 18 months of hectic activity at ABM since Dr. Bright joined the group in July 1977. He arrived at a time when the group's position in the market place was visibly declining.

ABM's fortunes were heavily dependent on a narrow sector of the dull British biscuit market, with just two brands — Jacobs' Club and Jacobs' Cream Crackers accounting for more than one-third of its UK biscuit sales. These brands were under attack in an increasingly competitive marketing environment — and ABM had failed to fight back effectively.

Over the years, short-term profitability seems to have had priority over longer-term brand development. The group had responded to pressure on its profit margins by cutting back promotional spending as a proportion of its sales, and by pushing up its prices in advance of its (stronger) competitors. With market share declining, profits growth ran out of momentum in 1975-76.

Dr. Bright, who joined ABM from the Far Eastern conglomerate, Sime Darby, drew up an ambitious corporate plan in three months flat. His first move was to call on the shareholders, who have duly obliged with a whole stream of new appointments across ABM's entire

operations. The biscuit division has a new managing director, sales director and marketing director; the specialist chocolate company has a new operations director and a new sales director; and several of the overseas subsidiaries also have new sales or marketing heads.

The next priority was to stop — and reverse — the decline in UK market share. The advertising budget this year is up by 50 per cent, and is running at about 3% to 4 per cent of sales. This, claims Dr. Bright, is about average for the industry, and the proportion is set to rise further next year when ABM plans to launch a string of new products.

At the same time, the group started a cost-cutting campaign aimed at shaving an annual £5m off corporate overheads. The sales force was restructured and reduced in numbers, and some

10,000 small accounts were closed. And the UK biscuit division has 750 fewer employees than it did a year ago. So far, Dr. Bright says, the savings add up to about £3m a year.

In addition, ABM has expanded its business on the Continent and in North America via a series of small acquisitions. So far this year, it has brought high class confectionery companies in France and West Germany, a biscuit manufacturer in Chicago, and what is said to be Germany's leading marshmallow maker, in Britain, chocolate confectioner Bendicks (Mayfair) joined the fold in November.

It is much too soon to say whether this burst of activity is going to produce results, or headaches. Over the very short term, market share has been brought back at the expense of profits. ABM's slice of the UK

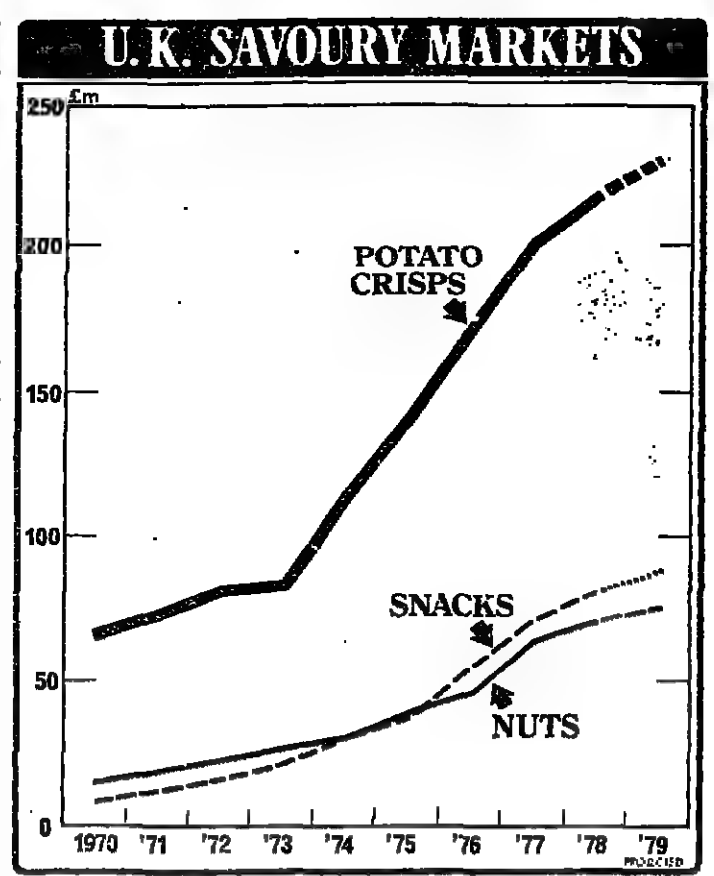
UK's biggest biscuit manufacturer, has been broadening its product base for years, and KP Nuts was one of its most successful acquisitions.

ABM already has a small position in the snack food business, which accounts for around 30 per cent of Smith's sales, with successful products like Twirls and Cheeselets. Nuts, make up about a fifth of Smith's sales, and crisps take up the rest.

The hope is that the takeover will lead to more efficient distribution and marketing systems. ABM's strength in the grocery trade, whereas Smiths has much stronger links with licensed trade outlets. Bringing the two together will, according to Dr. Bright, bring scope for increased penetration in both types of outlet.

Smiths has a poor profits record, and actually made a loss of £261,000 in the year to last April. But this may at least partly be to do with the way that it has been managed since General Mills took full control in 1967. The purchase came at a time when the U.S. group was bent on expanding its snack food business around the world, but in the words of a company spokesman, "The emphasis of our business has changed. We have not expanded as aggressively as anticipated into snack foods."

In the view of one British food manufacturer, General Mills' horizons these days are the Rockies on one side and the Appalachians on the other. Certainly Smiths has lost out badly to Golden Wonder, a business which was largely confined to Scotland when the Imperial Group acquired control in the early 1960s. Since then, it has carved itself out the number one slot in UK crisps — a business worth an estimated £230m a year at retail prices — with just over 30 per cent of the market. Smiths, which dominated the scene at



Golden Wonder has come up with innovations, like film wrapping, and has led the way out of the pubs into the supermarket chains. It has also been consistently more profitable, making something over £3m a year. Its market share fell slightly a couple of years ago but now seems to have stabilised at around one-third.

Smith has had half a dozen different managing directors during its stay in the General Mills camp. However, the business does seem to have been pulled together in the last year or two — reorganisation costs were one of the reasons for last year's losses — and it expects to make £2.2m pre-tax in the current financial year. ABM believes that it ought to be capable of making a pre-tax margin of over 5 per cent on sales, and because of the way the takeover has been structured its profits will be free of tax for some years to come.

In some ways, the challenge posed by Smiths is similar to that at ABM itself. Both are long established businesses with well known names, which have been suffering in recent years from shortcomings in product development and marketing. And both companies are faced with very strong competitors. United Biscuits and Associated British Foods provide formidable competition on the traditional biscuit side; and although Smiths is said to be number one in the overall market for crisps, nuts and snacks — with a share of 35 per cent — Golden Wonder and KP are both bigger in their particular sectors.

Dr. Bright believes that stability has returned to the crisp market and that the days of the price war — when Golden Wonder was making its way in — are over. But it still seems to be a tough market place, and the trade admits to a good deal of what is euphemis-

## Protective agencies

From Professor D. Johnson.

Sir,—Currently I am examining the reasons for and implications of the paradox of why many Western intellectuals argue for government regulation in the market for privately produced goods and services, but vigorously support laissez-faire in the market for ideas—the free exercise of religious beliefs, speech and writing. Putting it another way, why is it that the Government is assumed competent to regulate, say, cornflakes but not editorials, and why consumers are assumed to need protection in one field but not another?

In the course of working on the above, and contemplating the human condition, I realised that technological changes have brought different religions into increasing contact with people (economies of scale), with the result that the United States has become a sort of religious "hot-house" for incubating (producing) new varieties of spiritual life. And that this market has been segmented by various religious groups (again producers), supplying an array of offerings (consumer services) that appeal mostly to young followers under the age of 30.

What role should the various consumer protective agencies have in validating the untested assertions of self-styled religious authorities in their claims to give meaning to the lives of their spiritually hungry "disciples"? Since economists usually argue for some type of government intervention when the market for goods generates negative externalities, or spillover effects—e.g., air and water pollution—what therefore should be government policy towards those who propagate (produce) ideas that do the same? Since it can be shown that the distinction between the market for goods and the market for ideas is not valid, the adoption of a consistent view for government policy in the two markets raises some interesting dilemmas for supporters of government regulation.

Dudley W. Johnson, Professor of Business Economics, University of Washington, and Senior Research Fellow, 1978-79, City of London Polytechnic, Department of Economics and Banking School of Business Studies, 84 Moorgate, EC2.

## Unstructured world

From Mrs. M. Lord.

Sir,—Soon the four leaders of the Western world, President Carter, Chancellor Schmidt, Prime Minister Callaghan and President d'Estaing, are to meet in Gnadoupe for an informal discussion of "the state of the world" at the end of 1978. In Washington, officials described the meeting as "an unstructured conference." What a fortuitously significant phrase — "an unstructured conference!"

The world is in the un-civilised, warring state it is in at the end of 1978, precisely and categorically because the world is "unstructured." When nations have conflicts, they "slug it out" in increas-

## Letters to the Editor

ingly more suicidal wars instead of, if the world were "structured," referring their conflicts to a central world legal authority whose decisions would be legally binding on them.

(Mrs.) Mia Lord, 11 Exmouth Court, Colnaght Gardens, N10.

## Telephone refunds

From Mr. D. Neal.

Sir,—Over the last two years I have been promised some 100 refunds by telephone operators for my losses through malfunctioning call-boxes. The sum involved is about £3. Not one penny of this has been refunded. Reminders to telephone managers at Dial House and Chertsey Street have not been answered.

The P.O. Director of Public Relations says in your columns (December 12) "It is our policy to give a credit without question. This applies to wrong numbers or where the caller has misdialled."

Perhaps he can say when this policy takes effect.

D. Neal, 9 Compayne Gardens, NW8.

## Christmas stamps

From Major E. Anderson.

Sir,—I congratulate the Post Office on the pleasant designs of the 1978 Christmas stamps, but they pose a problem. Without careful inspection it is impossible to differentiate between the 7p and 9p stamps. How do Post Office sorters cope with this?

There are still many commemorative stamps which may be used. How can a sorter recognise at a glance which of these deserve first-class treatment?

Should not one dominant colour be used for each on long issue?

Major E. W. S. Anderson, Orchard Cottage, Fownhope, Hereford.

## Assessing qualities

From Professor L. Rosenhead.

Sir,—The well-presented pungent comments of Michael Dixon (November 30) in his article on University qualifications merit some additional comments and a few questions.

Mr. Dixon brings clearly into public view the fact, which is rediscovered from time to time, that the academic staffs of various Universities in Great Britain have no uniform attitudes towards the academic significance of an "honours degree." In addition, if it were possible to quantify this significance, I doubt whether uniformity would be found even within any one University.

Would this kind of uniformity, if it existed, be of any help to those who recruit for commerce, industry and public service? Is it not desirable, when dealing with human material (all of which is of "reasonably good quality" and at a very sensitive period of its life's pattern) to welcome diversity of attitude on the part of its assessors, rather than uniformity?

What individual criteria, or

## grouped criteria, applied to "academic graduation time," are good indicators of the future "success" of these graduates, after a sufficient amount of time has been allowed to elapse to enable them to become established in their jobs?

What prognostic value is attached to general personal acceptability, mental toughness, physical toughness, pertinacity, ability to think quickly and cope with new situations, speed of recall, ability to formulate and communicate ideas, thoughts and views, ability to work as a member of a team, ability to work alone and ambition to succeed? How are these qualities assessed?

Louis Rosenhead, 30, Wheatcroft Road, Liverpool.

## An appropriate trade union

From the Assistant General Secretary, Association of Scientific and Managerial Staffs.

Sir,—I read with considerable pleasure the news item of December 19 which reported that the president of the Institution of Chemical Engineers had recommended all his members to join an appropriate trade union.

This advice, of course, stems from a growing realisation that such staffs must join a trade union if they are adequately to safeguard their standard of living and to take part in the key decisions which will influence the shape of industry in the coming period of rapid technological change.

I was saddened, however, to read that the advice to his members in the chemical and process industries to join tiny organisations without recognition or influence, yet again revealed a lack of understanding of the established industrial relations throughout private industry. Far from assisting his members in coming to terms with the new realities, the advice given could well be a recipe for further aggravation and difficulties.

An introduction to the opportunities of trade unionism by joining an inappropriate trade union could be the worst possible experience for those genuinely concerned with the problems and needs of their colleagues and themselves and the all-important requirements of British industry.

J. S. Davison, 1626A, Jamestown Road, NW1.

## The concept of added value

From Mr. G. Smith.

Sir,—It is a great pity that the concept of added value is being written about as a management fashion, since it is linked to the fundamental economic activity of any society. Customers buy goods and services by the piece and these are created by changing the form or location of materials or services. It is this process of change which adds value to materials and which requires the skill, time and energy of people which can be multiplied by the use of tools, equipment and money.

Until this fundamental equation is understood, it is useless to try and present a series of figures which are just abstractions or additions of a series

of accountancy figures. This particularly applies to depreciation which is an accountant's judgment of the amount of assets which have been consumed in adding value. It would be better if the added value approach were to be linked to the cash flow principles and to the balance sheet aspects of a business in this way the whole financial link between money flow, money used and sources of money were shown rather than produce an unrelated additional financial statement.

If depreciation is treated as using up assets then it should be related to the amount of their use, i.e., shift working and not as a fixed amount per year and in any case with rapid technological development a machine with an estimated ten-year life could be obsolete in four years.

Fortunately work is being done to resolve these problems in a practical way and dealing with the behavioural realities which have to be faced when added value is used in the business performance and pay negotiating areas rather than in the accountancy reporting systems.

It is to be hoped that the accountancy bodies look at the practical uses of added value statistics as distinct from the accountancy uses when trying to find a solution which David Fanning (December 13) is looking for.

G. Smith, Halford House, Copse Hill Road, Lower Slaughter, Nr. Cheltenham Glos.

## Market forces

From Mr. P. Frost.

Sir,—I like your main editorial of December 15 and would sum it all up as a "return to market forces and the obvious disciplines this brings." Precisely what the Opposition and many thinking people have advocated for some considerable time.

I would, however, take issue with your implied notion in paragraph eight that people working for government bodies cannot be sacked. This is the very portion of our working population that needs to be reduced, and reduced drastically, especially on the administrative side.

After all, why should the rest of the population sit back and see our very rich North Sea oil being squandered on a continuing proliferation of unnecessary government agencies?

One factor that would help immensely in getting the economy moving again would be if government would make our membership of the EEC worthwhile instead of the constant dithering. After six years of membership I don't know of anyone who now expects that any of the promised benefits made at the time we joined will actually accrue, so the Government does not need to be concerned with letting people down because this has already taken place.

I would also suggest a sharp reduction in taxation levels and a drastic cutback in government borrowing together with a definite commitment to the European monetary system.

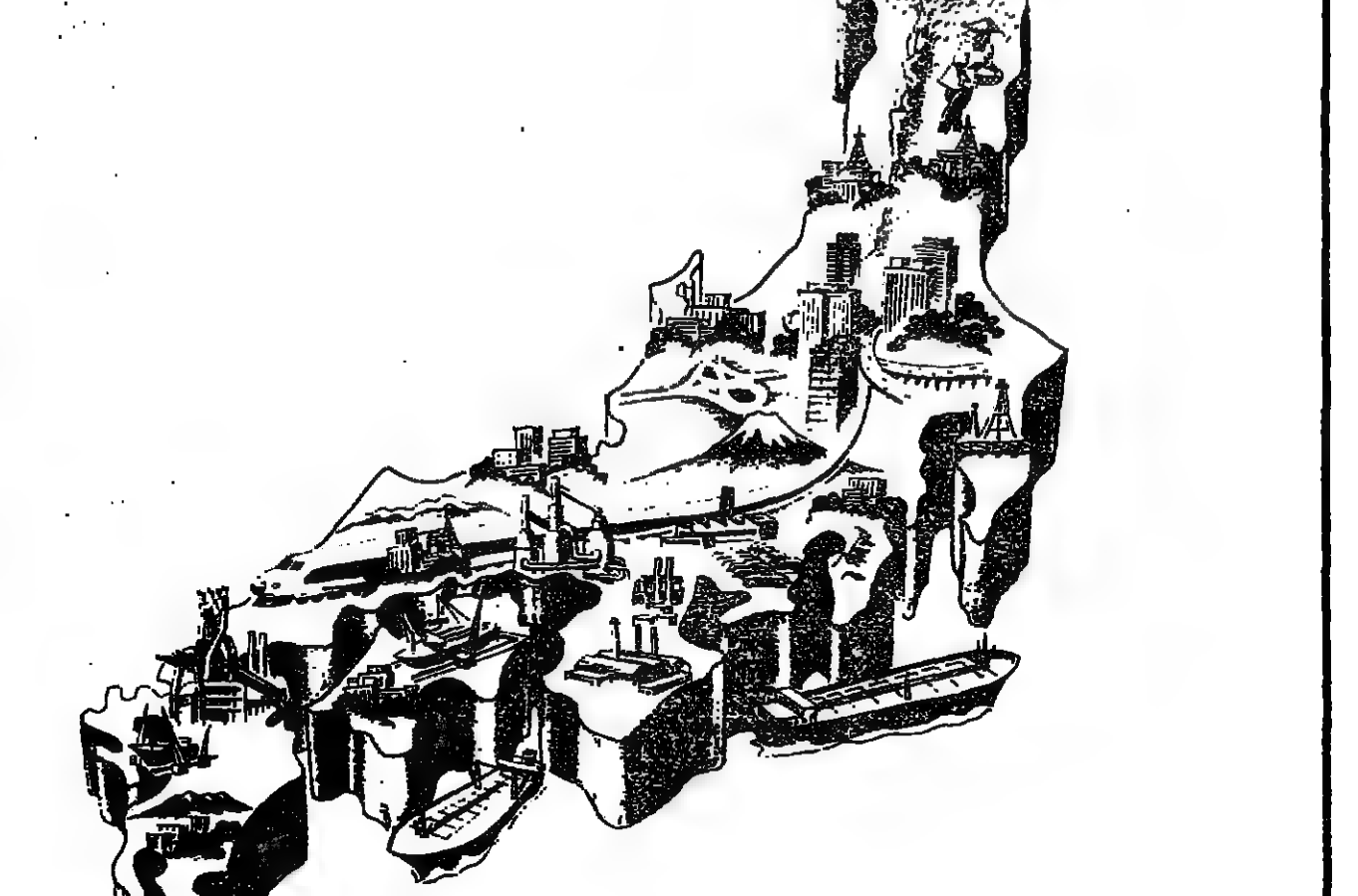
P. T. Frost, 11, Mansfield Close, Lenden, Colchester, Essex.

## Today's Events

- GENERAL**  
Mr. Cyrus Vance, U.S. Secretary of State, concludes two days of talks with Mr. Andrei Gromyko, USSR Foreign Minister, on the Strategic Arms Limitation Treaty (SALT) Mk. II.
- Mr. Carlos Rafael Rodriguez, Cuba's deputy president, ends three days of talks in Lisbon on Portuguese Africa.
- Rhodesia's new constitution due to be published.
- OFFICIAL STATISTICS**  
Department of Transport publishes new vehicle registrations for November.
- COMPANY RESULTS**  
Final dividends: Bluebird Bros. Interim dividends: Continuous Stationery.
- COMPANY MEETINGS**  
Burton Transport, Chamber of Commerce, 385 Mansfield Road, Nottingham, 11.
- LUNCHTIME MUSIC**, London  
Organ recital at St. Paul's Cathedral—Christopher Dearley, 12.30 pm.  
Organ recital at St. Stephen Walbrook—John Wright, 12.30 pm.

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## Companies and Markets

## UK COMPANY NEWS

# Unigate's expansion to £15m in 24 weeks

INCLUDING results from Carding Group and Cardenia Cheese Company Inc. for the period, taxable profits of Unigate surged from £9.5m to £15.1m for the 24 weeks ended September 9, 1978 on turnover well ahead from £43.5m to £50.0m.

The directors state that although the achievement in the first half is satisfactory, it would be unrealistic to expect this rate of progress to be maintained in the second period in the light of intense competition and political and economic uncertainties.

For the first half the trading profit of £18m (£12.3m) was split to activity as to milk and milk products £12.9m (£8.4m), meat and meat products £3m (£2.4m), and transport, garages and other activities £2.1m (£1.5m).

The directors report that while the results from some sections of the dairy business are encouraging, overall the return is less than that needed to meet the requirements of a developing business.

The improvement in the performance in this meat and meat products division is satisfactory, they add, despite the difficulties experienced in the industry.

Transport, garage and engineering activities performed well and continued to make progress

and the group's overseas activities made an important contribution, and future prospects are encouraging, they say.

Earnings per 25p share are given as 5.80p compared with 3.74p and the interim dividend is raised from 1.33p to 1.75p net—last year's final was 2.105p.

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(adjusted 2.7p), the interim dividend is effectively lifted from 0.655p to 0.731p net—last year's payments totalled an equivalent 2.11475p.

The company, which has "close" status, is involved in the production and distribution of lottery tickets, fund raising cards and schemes.

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## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Batleys	1.43	Feb. 22	1	3.64
Brit. Benzol	0.5	Jan. 26	Nil	0.6
Charterhouse Grp. 2nd Int.	2.24	Feb. 23	2.18	3.36
Charter Trust	1.7	Mar. 9	1.45	2.35
A. Cotten	2.15	—	1.93	5.43
Donnakande	0.557	Feb. 2	0.33	1.45
Forminster	1.54	Feb. 23	1.38	2.79
Homfray	1.81	April 3	1.81	3.13
Lindusries	3.3	April 2	3	9
Norton and Wright Int.	0.73	—	0.68	2.11
R. Paterson	1.04	Feb. 10	1.04	2.55
Trustees Corp.	1.84	Feb. 8	1.5	4.85
Unigate	1.5	April 2	1.33	2.44
Wearwell	0.31	April 2	Nil	Nil

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ As forecast and to reduce disparity. § 3.605p to date in 15 months period. ¶ To reduce disparity and includes 0.017p for tax adjustment.

## A. Cohen slumps halfway

PRE-TAX profits of A. Cohen and Co., metal refiner and non-ferrous alloy manufacturer, slumped from £1.1m to £0.0m for the half-year to June 30, 1978, but the directors say that taxable profits for the full year will not be less than the £1.87m for 1977. They add, however, that net profits will be lower.

Turnover for the first half was down from £21.8m to £20.4m and profits were subject to tax of £345,000 against £428,000 and minorities £155,000 (£213,000). Earnings have fallen from 24.63p to 8.53p per 20p share.

The interim dividend is increased to 2.15p net compared with last year's 1.825p—the final for 1977 was 3.5062p.

## Homfray fall slows in second half

ON SALES ahead from £37.9m to £40m Homfray and Co., carpet manufacturer, turned in pre-tax profits down from £1.7m to £1.05m in the year to September 30, 1978. At the halfway stage pre-tax profits fell from £1.2m to £0.45m.

The Board says UK results for the first two months of the current year indicate some improvement, but trading conditions remain difficult in Australia.

Trading profits for the year, from the European carpet side, including the UK, fell from £720,000 to £474,000, and profits from the Australian carpet operations slumped from £1.2m to £0.05m. UK textiles reduced losses from £116,000 to £33,000.

Interest charges were up from £449,000 to £472,000 and depreciation rose from £1.19m to £1.24m. Tax was £521,000 (£890,000).

Under extraordinary items exchanges were mainly £270,387, against £252,161, were announced by Batleys of Yorkshire, the cash and carry wholesaler, for the half year to October 28, 1978. Turnover expanded from £24m to £28.35m.

For the whole of last year the group made a record pre-tax profit of £36,000 and paid dividends totalling £3,433p net, against £3,261p. This time the interim dividend is raised from 1p to 1.1p net. Stated earnings per 10p share are down from 8.67p to 8.09p.

The tax charge of £25,344 (£21,001) is based on SSAP 15 and does not include a provision for deferred tax. The comparable figure has been adjusted. Net profit comes out at £245,043 (£240,260).

As for the current year he says that the group hopes to be free from the exceptional costs and interruptions of 1977-78 but on the other hand will not enjoy the exceptional levels of receipts that arose in two divisions. He believes that in the near-term world there will still be scope for well chosen enterprises to prosper. It will be in the second half that the financial effects of current policies begin to appear, he says.

Talking of the new Daily Star he says the directors were influenced in their decision to establish a new newspaper

already having most of the necessary resources, as to mention their preference for giving continued gainful employment to personnel who might otherwise be surplus to requirements.

The turnaround at Express Newspapers was in the context of personnel, premises and modern plant appropriate to levels of daily production that have not applied for some years, he points out.

In line with the group's normal practice profit from newspaper and magazines is shown in the profit and loss account at £3.2m, after interest on the cost of the acquisitions. The actual revenue was £3.7m.

For the year to September 30, 1978, group taxable revenue was ahead to £60.63m (£49.41m) despite a sharp setback in shipping aviation and hotels from £17.66m to £2.55m before interest as reported December 13. The net dividend is raised to 5.76p (5.16p) and a one-for-two scrip issue is proposed.

At year end, net funds showed a decrease of £1.37m (up £3.73m) and capital commitments amounted to £13.33m (£13.08m) of which £2.72m (£1.58m) had been authorised but not contracted.

It is expected some 2,000 employees will participate in the proposed profit sharing scheme which, if approved, will cost about £0.75m in the current year. The average number of UK employees of the group last

year was 23,693 and a further 11,000 of so were employed overseas.

During 1977-78 the group's bank carried all ran into significant losses and the entire fleet was sold. It is difficult to predict a recovery for shipping in general and therefore the bank's revenue must come from other interests in the two continents of Africa, Australia and New Zealand from Europe and the U.S. and Canada, says Mr. Brookes.

The group's involvement in property is higher than it has ever been and, although last year's £2.3m was a setback, the group's investment in the first quarter of 1978-79 was £2.7m.

In terms of number of schemes the group's involvement in property is higher than it has ever been and, although last year's £2.3m was a setback, the group's investment in the first quarter of 1978-79 was £2.7m.

Meeting, Baltic Exchange, 22, on January 15 at 11.00 am.

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## Companies and Markets

## INTERNATIONAL COMPANIES and FINANCE

## NORTH AMERICAN NEWS

## AT &amp; T profits attacked as excessive

By Our Own Correspondent

NEW YORK—Just after American Telephone and Telegraph announced an 18.3 per cent rise in earnings for the third quarter, its largest customer, the U.S. Government, has complained that its phone bill was too high.

The General Services Administration, which handles the Government's business affairs, as now asked the Federal Communications Commission to investigate AT & T's profits, claiming that they are excessive and should be cut.

The GSA says that the FCC's profitability ceiling of 9.5-10 per cent should be reduced to 9 per cent so as to cut telephone costs for the entire country.

AT & T acknowledges that its rate of return will probably be over 10 per cent this year. But it claims this is due to increased productivity, and it says that, if anything, profitability ceilings should be raised.

## Bendix credit

Bendix Corporation has made new revolving credit and term loan arrangements totalling \$100m through several banks and has also completed a \$50m private placement borrowing, reports Reuters from Southfield.

## Occidental Petroleum drops \$1bn Mead bid

By DAVID LASCELLES

NEW YORK—In one of the most dramatic turnarounds of the U.S. bids and deals scene for some time, Occidental Petroleum has backed out of its four-month battle for control of Mead Corporation, the Ohio forestry products company. The end of this takeover attempt, valued at nearly \$1bn and among the largest this year, places a big question mark over Occidental's corporate strategy.

Mead, though now victorious, may not have come through unscathed either. Occidental's admission of defeat came in a terse statement from its Los Angeles headquarters. It blamed "the ferocity of the Mead management opposition" and said this made it unlikely that Mead executives would co-operate

even if the merger were to go through. And in a bitter final comment on the episode, Occidental remarked on the drain on time and money represented by the "corps of lawyers" involved in the legal wrangling.

Occidental's bid, announced in August, was aimed at exploiting the company's high cash flow from oil operations in the North Sea and elsewhere to gain a foothold in new resource areas through acquisition. Mead was chosen for its rich forestry assets, and its long-term potential which would balance out Occidental's wasting oil assets.

But the bid encountered immediate and tough opposition from Mead. The management mounted a barrage of defences, ranging from anti-trust to the sheer inadequacy of Occidental's

offer. Mead was later joined by the Justice Department which objected on grounds of anti-trust and the possibility that Occidental could transform Mead into a dominant force in the paper market.

The latest development in the battle was an order from an Ohio judge barring Occidental from pursuing their offer until the end of this month so as to give the court time to study all the issues raised by Mead and the Justice Department. But this could well have been the last straw for Occidental.

The failure of the bid could now cost some high Occidental executives their jobs, analysts believe. But whoever is made the scapegoat, Occidental's credibility as a takeover bidder has taken a hard knock.

## Dictaphone agrees terms

By OUR OWN CORRESPONDENT

NEW YORK—Pitney-Bowes and Dictaphone, the two big names in office equipment, confirmed that they are to merge. In a \$100m deal which had been revealed last week that it had been approached by a then unidentified suitor, Dictaphone will be absorbed into a wholly-owned subsidiary of Pitney-Bowes.

Terms of the deal are roughly the same as those announced earlier. Pitney-Bowes will make a tender offer of \$23 in cash or up to 2m of Dictaphone's 4.3m shares. It will acquire the rest through a new issue of convertible preferred stock with a stated value of \$28. The main improvement negotiated by Dictaphone seems to be an increase in the dividend carried

by these shares, from \$2 to \$2.12.

Now that the boards of both companies have agreed terms, final approval is dependent on definitive agreements and the shareholders' go-ahead.

The new combined company would have annual sales in the region of \$1bn, it is estimated, making it a leader in the office equipment field.

## INTERNATIONAL CAPITAL MARKETS

## Iran turmoil prompts precautionary moves

By OUR EUROMARKETS STAFF

INTERNATIONAL BANKS with large loans extended in Iran have started to take the first precautionary steps to protect themselves against any further deterioration in the country.

At least one bank has begun a process, in connection with a \$100m syndicated loan, which could potentially empower it, along with other participating banks, to call for immediate repayment.

The growing political instability in Iran, which has disrupted both the Iranian Central Bank (Bank Markazi) and the domestic banking system, has caused widespread concern in the international banking community.

It is clear that Iran, one of the most regular of the borrowing nations in OPEC, on the medium-term Eurocurrency mar-

kets, would have little success in attempting to raise new finance at the moment.

In the main, however, most banks participating in existing Iranian Eurocurrency loans are reporting a surprisingly high degree of reliability by the borrowers in meeting due interest and principal repayments, despite the banking disruption in Tehran.

One London banker said "most of the obvious characteristics of default, such as delays in payment or the failure to make regular reports, are generally not occurring with Iranian loans."

In addition, several banks in the past few days have allowed a private sector Iranian company to start drawing on a Euro-credit arranged earlier in the year. This, one banker pointed out, illustrated that confidence

was still being displayed in the resilience of the Iranian economy.

A few banks are said to have encountered slight delays on payments, and are watching carefully to see if the volume of missed payments starts to build up to worrying levels.

Chase Manhattan, the agent bank for a \$100m syndicated loan to Iran, has advised bank members of the syndicate group to consider an "adverse material change" clause contained in the loan agreement.

As the agent, Chase is ensuring that all syndicate members are fully aware of their rights under the loan agreement. The clause itself would empower banks in the syndicate to call for immediate repayment of the loan, although it is stressed that this is unlikely to happen.

In response to a telex by Chase, most syndicate members have apparently replied with answers showing little immediate concern.

Repayments of principal and interest on the loan, made two years ago to the semi-State Industrial Credit Bank of Iran, are being made on schedule.

The "adverse material change" clause—inserted in loan agreements in sections covering events of default—refers to new political, economic or financial conditions in a country which could have a serious impact on the borrower, to the extent that the loan could be jeopardised.

The loan can be called for default, if the majority of the banks involved in the credit decide that such events place a serious question mark over the transaction.

## EUROBONDS

## Flexible DM loan calendar

By John Evans

The big German commercial banks have set a flexible Deutschmark foreign loan calendar for January under which a maximum total of approximately DM 1.1bn of issues will be launched.

Last month's calendar of DM 1.2bn proved difficult for the German bond market to absorb, and four issues were subsequently cancelled.

According to unofficial indications after the mid-week meeting of the Central Capital Market sub-committee in Frankfurt, nine issues will be scheduled in January.

In addition, a DM 100m bond is earmarked for a supranational organisation, which does not have to be cleared by the sub-committee.

However, depending on conditions in the foreign DM market, some of the size of the calendar can be reduced to as little as DM 850m, German bankers reported.

For instance, Westdeutsche Landesbank is said to be scheduling up to DM 300m of issues, but with licence to reduce this figure to DM 240m.

The calendar provides for DM 220m of issues from Dresdner Bank, Commerzbank with DM 100m, Deutsche Bank with between DM 250m and DM 350m, and Deutsche Genossenschaftsbank has a DM 40m private placement.

Prices in the Deutsche Mark Eurobond sector were little moved in dull pre-Christmas trading yesterday. The DM 150m 10-year bond for Norges Kommunalbank has been priced at 98, with a 61 per cent coupon, according to Westdeutsche Landesbank.

Trading in the Eurodollar bond market remained light, with most prices little changed. The dollar rallied slightly and short-term Euro-dollar interest rates, after a rise of 13 per cent at one stage, subsequently moved lower.

Some support was encountered for floating rate notes, with the \$100m Bank fuer Sozialwirtschaft issue quoted at 97 1/2 to 98 1/2, up nearly 1/2.

S. G. Warburg, manager of the new ECSC \$50m issue, lowered its bid again to 96 yesterday from 96 1/2, on Wednesday, according to dealers. British Gas this week began its programme of commercial paper sales in the U.S. By mid-week, the state under-taking had placed about \$11m of its paper with investors.

The placements were mainly concentrated in 30-day maturities, where prime-rate A-1 and P-1 paper (the rating awarded to British Gas) currently commands around 10 1/2 per cent.

As known, British Gas has set up a \$250m Eurodollar standby facility to back up an equivalent amount of commercial paper operations, which are being handled by Goldman Sachs.

## German state loan

The West German government is coming to the capital market for DM 1.7bn (\$825m) writes our financial staff. The issue, the traditional New Year funding from the Federal Republic, will be in three tranches of six, eight and ten year bonds. The shorter maturity will raise DM 1bn with the balance spread between the eight and ten year offers.

## General Dynamics

Marblehead Line, a General Dynamics unit, said it plans a \$55m expansion programme that will make it the world's largest producer of time. The company is to spend \$20m to add 350,000 tons annually to the capacity of its south Chicago plant and replace 140,000 tons of obsolete capacity. About \$10m will be spent at the Thornton plant to raise its capacity by 250,000 tons a year.

## IRI plans to spend \$16bn in the next three years

By RUPERT CORNWELL

ROME—Istituto per la Ricostruzione Industriale (IRI) the state conglomerate announced plans for a three-year investment programme between 1979 and 1981 totalling L15,400bn (\$16.6bn).

The programme which was set out in a document from Italy's largest industrial group to the parliamentary commission dealing with the state sector, is based on the maintenance of the IRI workforce at about its present level of 520,000 and the return of the group to financial balance at the end of the same period.

Of the sum, which is equivalent to L8,750bn at 1977 prices, 13 per cent will go towards re-

structuring existing group companies. But the lion's share, or 78 per cent, will be spent on what is described as "enlargement and modernisation" schemes, concentrated mainly in the telecommunications division of IRI.

On sales of over L14,000bn in 1977, IRI reported an overall loss of L722bn (\$900m). Modest profits generated by the banking and service interests of the group were totally eclipsed by heavy losses in its steel and automobile divisions.

The document states that IRI hopes to meet its goal of getting back into the black by converting and reorganising its loss-making activities, and by

concentrating on strategic high technology, such as the nuclear industry, electronics and computers.

The document does not go into great detail on how the money will be provided. But the conglomerate lays great stress on the undercapitalisation of many of its operating companies, and suggests that the state will have to provide some of the funds required in that form.

IRI also warns that without a rise in telephone tariffs charged by the state-owned SIP, that company will not be able to cover its costs and be obliged to cut back on the heavy spending planned for that sector.

## Profits slump at Thyssen unit despite sales rise

By ADRIAN DICKS

DUSSELDORF—Thyssen Edelstahl, the special steels subsidiary of the Thyssen group, has announced a drop in after tax profits from DM 30m in 1978-79 to only DM 300,000 (\$272,000) for the 1977-78 business year to September 30. Herr Alfons Goedicke, the company's executive board spokesman, said that "this is not an adequate result for us."

On a pre-tax basis, Thyssen Edelstahl's profits fell from DM 66m to DM 35m (\$19.6m) while sales registered a 2 per cent increase to DM 2.16bn (\$1.2bn). As this figure indicates, the company succeeded in selling some 3.5 per cent more in volume terms last year, but Herr Goedicke stressed that price levels had been such that the profit margin on all products has suffered.

In particular, the volume of sales for hot and cold rolled steel and heat resistant sheet products climbed by 15.8 per cent—the second year of strong growth after a 24 per cent rise in 1976-77.

Yet the company suffered, in spite of a worldwide increase in demand for special steels, from considerable over-capacity and a consequent pressure on prices, so that some companies in the

European Community were now "buying" business, if only to help cover fixed costs. Private companies in the special steels field could no more withstand subsidised competition from state-owned groups than many steel producers, Herr Goedicke warned.

Herr Goedicke also pointed out that the motor industry, although a major consumer of special steels, was continuing to substitute lighter parts for heavier, and to use castings instead of forgings.

Imports of special steel products fell back as a proportion of the total from 11.1 to 10.3 per cent, although for some products the proportion of imports in the West German market is now as high as 46 per cent.

Exports were up by about 15.7 per cent for the West German special steels industry as a whole, Herr Goedicke said, but he stressed that the quotation of prices in dollars had meant a further deterioration of export profitability.

For the current year, Thyssen Edelstahl is making no firm predictions, in part because of the uncertain effects of the steel industry dispute. The first two months of the new business year had, however, improved in terms of output, orders and profits.

## Kockums accepts state aid

By WILLIAM DUFFLOR

STOCKHOLM—The Kockums shareholders yesterday accepted an extraordinary general meeting of the Skr 20m (\$4.5m) state offer for the stock of their company, but not without some criticism of the government from their chairman, Mr. Nils-Hugo Hallenberg.

Parliament now has to approve—probably in March—the state purchase of the last major Swedish shipyard still in private hands. The state offer of Skr 7 a share compares with the Skr 30 nominal price of the shares and the Skr 10 to Skr 11 at which they were trading when dealings were suspended on the Stockholm Exchange on November 6.

Attempts to save Kockums were thwarted by the failure to find a buyer for the two LNG tankers it has been building on its own account at the Malmoe yard. The group had liabilities totalling Skr 5.4bn, of which the government had already guaranteed credits amounting to Skr 3.4bn. About Skr 1.8bn of the debt is owed to foreign banks and credit institutions.

Mr. Hallenberg told shareholders that the Board was recommending the state offer because the only alternative was bankruptcy but he criticised the way in which the government had handled the takeover negotiations.

● Pripas, Sweden's largest brewery, will not after all offer its shares for private subscription on the Stockholm Stock Exchange. The Liberal minority government's proposal to sell 9 per cent of the State's 60 per

cent holding in the brewery group on the stock exchange was unexpectedly defeated on Wednesday in Parliament by a combination of Social-Democrat opposition, votes and temperance MPs.

The parliamentary vote also means that Pripas' other owner, Beierinvest, will not be able to sell 15 per cent of its shares in the brewery to its own shareholders. Instead, Brygginvest, the State investment company set up by the new Act, will buy the 15 per cent. It will then hold 75 per cent of the Pripas stock, leaving 25 per cent in the hands of Beierinvest.

With the year's turnover figures forecast at 1978's levels, despite the current strike which has cut production at many of the Federal Republic's most important steel plants, profits are expected to remain at about last year's level of just over DM 11m (\$6m). Thus shareholders can look forward to at least a repeat of last year's DM 4 per share dividend.

The circular makes no mention of the likely dividend and, therefore, it remains unclear whether holders can also expect a repeat of 1977's DM 1 per share bonus.

These securities having been sold, this advertisement appears as a matter of record only



## EUROPEAN INVESTMENT BANK

AS 400,000,000

Austrian Schilling Bearer Bonds 1978/86

Creditanstalt-Bankverein

Girozentrale und Bank  
der österreichischen Sparkassen  
AktiengesellschaftÖsterreichische Länderbank  
AktiengesellschaftBank für Arbeit und Wirtschaft  
AktiengesellschaftBank für Kärnten  
AktiengesellschaftBank für Oberösterreich  
und SalzburgBank für Tirol und Vorarlberg  
AktiengesellschaftDIE ERSTE  
österreichische Spar-Casse  
Österreichische PostsparkasseGenossenschaftliche Zentralbank  
AktiengesellschaftÖsterreichisches Credit-Institut,  
Aktiengesellschaft

Schoeller &amp; Co.

Zentralsparkasse der Gemeinde Wien

Abu Dhabi Investment Company  
European Banking Company  
LimitedBanque Bruxelles Lambert S.A.  
Kreditbank S.A. LuxembourgeoiseSwiss Bank Corporation (Overseas)  
Limited

December, 1978

مكتبة النجف

## US \$10,000,000

Floating Rate London-Dollar Negotiable  
Certificates of Deposit, due June, 1980THE SANWA BANK,  
LIMITED  
LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from December 22nd, 1978 to June 22nd, 1979, the Certificates will carry an Interest Rate of 12 1/2% per annum. The relevant interest payment date will be June 22nd, 1979.

Credit Suisse First Boston Limited  
Agent BankCREDIT COMMERCIAL DE FRANCE  
U.S. \$25,000,000 Floating Rate  
Notes Due 1981For the six months  
22nd December, 1978 to 22nd June, 1979  
the Notes will carry an  
Interest rate of 12 1/2% per annum.Listed on the Luxembourg Stock Exchange.  
By: Morgan Guaranty Trust Company of New York, London  
Agent BankALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.  
45 Cornhill, London, EC3V 3PE, Tel: 01-823 6314  
Index Guide as at December 21, 1978  
Capital Fixed Interest Portfolio 100.17  
Income Fixed Interest Portfolio 100.38The Nippon Credit Bank  
(Curacao) Finance N.V.  
U.S. \$30,000,000  
Guaranteed Floating Rate Notes due 1985For the six months 22nd December, 1978 to  
22nd June, 1979

In accordance with the provisions of the Note, notice is hereby given that the face of interest has been fixed at 12 1/2 per cent and that the interest payable on the relevant interest payment date, 22nd June, 1979, against Coupon No. 1 will be U.S. \$4.77.

By: The Chase Manhattan Bank, N.A.  
Agent Bank



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earnings

INTL. COMPANIES and FINANCE

ITALIAN BOURSE WATCHDOG

State appointment provokes catcalls

BY RUPERT CORNWELL

ROME—A storm has broken out in Italian financial and political circles over the proposed appointment of a prominent figure from the entertainment world to the Board of the Consob, the supervisory body for the country's ailing stock exchanges.

The Government's nominee, although not an official announcement has yet been made—is Sig. Bruno Pazzi, vice-president of the Association Generale Italiana Dello Spettacolo (AGIS) and a well known cinema and theatre proprietor.

The storm, which blew up immediately after the leak of the decision to the Italian press, centred on the lack of any genuine export qualification for the job on the part of Sig. Pazzi and allegations that he was

picked only because of his close ties with the manager of Sig. Giulio Andreotti, the Prime Minister.

It also provides some top promising a certain miser for the major nomination to plant public corporations like the ENI, which are due any day now after months of intricate political maneuvering.

The nominee himself, although he was once a senior executive at the Genoa-based sugar company of Siccardi, has admitted his lack of specialised knowledge and Sig. Filippo Forti, head of the Italian Stock-brokers Association, has publicly suggested that the choice is illegal, since the Consob statute stipulates that its members must have "specific and proven experience" in the securities field.

On the political front, an

even stronger onslaught has come from Sig. Urbano Alletti, a Christian Democrat senator and Milan Bourse president, and Sig. Giorgio Napolitano, a senior member of the Communist Party's central committee and its top economics spokesman.

In a letter to Sig. Andreotti, Sig. Alletti said his first reaction was to send a telegram consisting of the single word "shame."

But on reflection he considered that the nomination might be the detonator of real change, to produce a worthwhile and effective bourse agency.

Sig. Napolitano declared yesterday that the move "smacked almost of misconduct" and then added wistfully, "I only hope that the expert in striptease can persuade companies to bare their own balance sheets a little more." He flatly denied reports

that the communists had been consulted over the choice.

Consob—or Commissione Nazionale per le Società e la Borsa—is to give its full title was set up in July 1975 amid high hopes that it might develop into Italy's equivalent of the U.S. Securities and Exchange Commission, and the catalyst of a revival of the country's stock exchanges.

But its record has been disappointing. Recent studies suggest that merely 2 per cent of savings find their way into quoted stocks and shares today against a figure of around 20 per cent in the 1960s. The market retains an unsavoury reputation for insider trading. Many major transactions are channelled outside it, while company disclosure rules are far from stringent.

In January, however, the

Senate here is due to restart work on its proposals for an overhaul of stock exchange practice, including increased powers for Consob to give it sharper teeth. Experts from the Senate commission have made fact-finding visits to both the London Stock Exchange and the Paris bourse.

Against this background, the selection of Sig. Pazzi has been widely seen as the last straw: conclusive proof of official indifference and of the insolvency of the Government's protestations that it seriously means to try and reactivate the stock market.

But Sig. Napolitano, whose party is also backing efforts to help the bourse function more effectively, yesterday served notice that the communists may well raise the whole affair when the senate considers the whole problem next month.

Growth performance from Stinnes

BY JONATHAN CARR

BONN—Stinnes, the West German trading, transport and services enterprise, has announced a marked improvement in turnover and profits for this year, and a big reorganisation for 1979. The latter is necessary because of the deal announced in June between Veba, to which Stinnes is a key subsidiary, and Deutsche BP.

Stinnes expects its annual turnover to the end of December to total DM 10.7bn (\$5.5bn) or 8 per cent more than in 1977, with group profits rising by 14 per cent to DM 108m (\$58m). Major sectors contributing to the improved results included liquid fuels trading, self-service stores, transport and storage, and industrial services activities in the 17.

Coal sales fell slightly by quantity, but price increases meant a rise of 13.8 per cent in sales value. The unusually cold weather meant bigger heating off sales and the booming construction industry brought higher turnover of building materials. But profits were down in domestic chemicals trading.

Under the Veba-BP deal, Stinnes loses to BP the Stinnes-Stromer Brennstoffhandel (fuels trading) organisation and the Stinnes-Panell petrol station chain. The two together make up an annual turnover of about DM 2.5bn and employ about 2,500.

However, in return Veba is to receive, among other things, DM 800m from BP. Stinnes clearly feels that the necessary reorganisation combined with an injection of extra funds will enable it to expand and improve important remaining sectors of its activity.

Its plans include a strengthening of its international fuels trading through Stinnes-Intercontinental and Stinnes Interpol, a rearrangement of its building materials business, establishment of chemicals trading distribution centres in the U.S. and an extension of its ore and minerals trade in North and South America.

The Veba-BP deal has been forbidden in its present form by the Cartel office—and the matter has now gone before the Economics Minister.

Massey-Ferguson Australia returns its heaviest deficit

BY JAMES FORTH

SYDNEY—Massey-Ferguson Holdings (Australia), the local offshoot of the Canadian agricultural machinery group, suffered a loss of A\$8.3m (U.S.\$7.24m) in the year to October 31. This is the heaviest deficit since the group was formed in 1950. It compares with a loss of A\$963,000 and follows a deficit of A\$3.3m in the first half of the year.

The setback followed a 10 per cent drop in sales, from A\$89.9m to A\$80.9m (U.S.\$102.3m), reflecting the depressed state of much of the rural industry during 1977-78. However, the direc-

tors are confident that the worst is over for the group because of a solid improvement recently in the rural industry, particularly in wool, wheat and meat.

Mr. M. E. Davis, the managing director, told a Press conference in Melbourne yesterday that Massey-Ferguson could make a profit in 1978-79 with the current level of activity. He said the group would probably need a 10 to 15 per cent lift in sales to achieve such a result, but this was only a 3 to 8 per cent increase in real terms.

Mr. Davis added that group sales and profits in the first

quarter were comparable or above last year's. The Australian company's ordinary shares are all owned by Massey-Ferguson of Canada but the preference shares are held in Australia.

Malayan Cement steady

BY WONG SULONG

KUALA LUMPUR—Profits at Malayan Cement Berhad, the leading Malaysian cement manufacturer, for the financial year ended November, were almost the same as the previous year, despite buoyant demand for its products by the Malaysian construction industry.

The company pointed out that this was because the company had to bear rising costs, while the Government continued to refuse an increase in prices. In Singapore, the continuing existence of considerable surplus capacity ensured that the situation remained highly competitive.

Pre-tax profits amounted to 5.5m ringgits (\$2.45m), and a tax of 2.1m ringgits is expected. A final dividend of 12.5 per cent is declared, bringing the total for the year to 22.5 per cent, the same as the previous year.

Sales up but profits fall for Fuji Photo

TOKYO—Net profits for the Fuji Photo Film Company for the year ended October 20 fell 11.6 per cent to ¥12.43bn (\$84.4m) from ¥14.07bn the year before.

Sales, however, rose 4.9 per cent to ¥278.70bn from ¥265.89bn.

Exports in the year totalled ¥67.58bn, down 1.6 per cent from ¥68.65bn the year before.

Exports to the U.S. were ¥22.05bn, down 4.3 per cent from ¥23.06bn the year earlier whereas those to Europe totalled ¥24.49bn, up 2.6 per cent from ¥23.87bn. Exports to Asia were ¥13.71bn, down 2.8 per cent from ¥14.07bn.

The company attributed the profit fall chiefly to foreign exchange losses caused by the yen's steep appreciation, which amounted to ¥15bn. However, more than 80 per cent of exchange losses was offset by mark ups in export prices, cost reduction and a decline in material costs.

Fuji expects this year's net profits to rise to ¥13.5bn, approximately 5 per cent higher than the recently completed financial year. It hopes for an 8 per cent increase in sales for the year to next October 31, to ¥300bn.

The company will continue efforts to reduce production costs and cope with a possible appreciation of the yen value against the dollar by setting its own exchange rate of ¥185 a dollar for the year.

Increase for HK Realty

HONG KONG—Hong Kong Realty and Trust Company, a property and development offshoot of the Wheelock-Marden group, raised its pre-tax profits by 29.3 per cent to HK\$46.6m (U.S.\$9.7m) for the first-half of its financial year.

The increase, for the six months to September 30, arose from a general improvement in the results achieved by group companies. It was accompanied by a maintained dividend of 7 cents per "A" share and 1.4 cents per "B" share. A total distribution of not less than 17 cents an "A" share and 3.4 cents a "B" share, is forecast for the full year.

Profits after tax and minority interests for the half year were HK\$22.8m, to show a gain of 31.2 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on December 21

DOLLAR	Change on					
STRAIGHTS	Issued	Mid	Offer	day	week	Yield
US \$100,000	25	99.9	100	0	-2	10.14
US \$50,000	27.75	99.9	100	0	-1	10.14
US \$25,000	27.75	99.9	100	0	-1	10.14
US \$10,000	100	99.9	100	0	-1	10.14
US \$5,000	100	99.9	100	0	-1	10.14
US \$2,500	100	99.9	100	0	-1	10.14
US \$1,000	100	99.9	100	0	-1	10.14
US \$500	100	99.9	100	0	-1	10.14
US \$250	100	99.9	100	0	-1	10.14
US \$100	100	99.9	100	0	-1	10.14
US \$50	100	99.9	100	0	-1	10.14
US \$25	100	99.9	100	0	-1	10.14
US \$10	100	99.9	100	0	-1	10.14
US \$5	100	99.9	100	0	-1	10.14
US \$2.50	100	99.9	100	0	-1	10.14
US \$1.00	100	99.9	100	0	-1	10.14
US \$0.50	100	99.9	100	0	-1	10.14
US \$0.25	100	99.9	100	0	-1	10.14
US \$0.10	100	99.9	100	0	-1	10.14
US \$0.05	100	99.9	100	0	-1	10.14
US \$0.025	100	99.9	100	0	-1	10.14
US \$0.01	100	99.9	100	0	-1	10.14
US \$0.005	100	99.9	100	0	-1	10.14
US \$0.0025	100	99.9	100	0	-1	10.14
US \$0.001	100	99.9	100	0	-1	10.14
US \$0.0005	100	99.9	100	0	-1	10.14
US \$0.00025	100	99.9	100	0	-1	10.14
US \$0.0001	100	99.9	100	0	-1	10.14
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US \$0.000025	100	99.9	100	0	-1	10.14
US \$0.00001	100	99.9	100	0	-1	10.14
US \$0.000005	100	99.9	100	0	-1	10.14
US \$0.0000025	100	99.9	100	0	-1	10.14
US \$0.000001	100	99.9	100	0	-1	10.14
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US \$0.00000001	100	99.9	100	0	-1	10.14
US \$0.000000005	100	99.9	100	0	-1	10.14
US \$0.0000000025	100	99.9	100	0	-1	10.14
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US \$0.0005	100</					







## China will quadruple wool buying

CHINA is committed to a big expansion and modernisation of its wool textile industry and expects to import a record 140,000 bales of Australian wool in 1979. This is around four times more than the present annual figure, according to the International Wool Secretariat.

Quoting the chairman of the Australian Wool Corporation, Mr. Alf Maiden, yesterday the IWS said China was also looking for a large growth in exports of wool textiles and increased domestic consumption as living standards rose.

He added the Chinese sheep industry could not be expected to develop the capacity for the production of high quality fibre which could be substituted for Australian wool.

Mr. Maiden said he understood Australia would have a major share of the continuing increase following the proposed modernisation and expansion plans of the Chinese wool textile industry.

The AWC also welcomed news of the Chinese intention to apply for membership of the Woolmark programme conducted by the IWS.

## India may end pepper tax

NEW DELHI—The Central Government has started discussions with the Kerala Government on the possibility of exempting export pepper from a recently introduced sales tax, the Press Trust of India reported yesterday.

Exporters complain the tax, which totals 7.08 per cent, has made the price of Indian black pepper uncompetitive in world markets.

Pepper exports between April and October 1978, were 4,889 tonnes, compared with 10,465 in the same 1977 period.

## CHINESE FIND MANGANESE

PEKING—Two Chinese research vessels have found valuable reserves of manganese nodules in the Pacific Ocean, the New China News Agency said.

It did not say where the nodules were found, but said they were between 3,000 and 5,000 metres deep.

## Future of Fleetwood fish dock hangs in balance

BY RICHARD MOONEY

THE FATE of 178 onshore workers at the Fleetwood port of Lancashire yesterday when Ministry of Agriculture officials met members of the Fleetwood Trawler Owners' Association which has threatened to go into liquidation because of escalating losses.

The Association operates unloading and other ancillary services at the port.

No statement was issued following the talks but it is thought the owners were warned that a promise of Government aid might be withdrawn unless they undertook to keep dockside services at the port going.

Last week the Ministry pledged £1.2m to cover half this year's dock and landing charges at Fleetwood, Hull and Grimsby. It was later estimated that Fleetwood's share would work out at about £180,000. The Association had requested a direct payment to cover its losses, estimated this year at £150,000.

But the money would be paid to the owners themselves and it appears that they are reluctant to pass it on to their association. Last Friday, a few days after the Ministry announced its grant offer, Mr. Mark Zanger, general manager, announced that the association would go into liquidation anyway.

This decision was described as "dubious" by Mr. Alf Davies, Blackpool and Fleetwood district secretary of the Transport and General Workers' Union, which represents 138 dockside workers at the port.

Mr. Davies immediately asked Mr. John Silkin, the Agriculture Minister, to withdraw the aid offer.

Mr. Silkin stated on Wednesday that account would be taken of a scheme to take over before an order enabling the money to be paid was laid before Parliament. This was taken as a thinly-veiled threat that the Fleetwood owners might not, after all, get their £180,000.

An association spokesman yesterday explained the reasoning behind the owners' attitude. He said they were losing money and were not in a position to pass any extra funds that came their way on to the association, where they would simply drain away. The Association already owes the vessel owners "scores of thousands of pounds," he added.

But since the owners hold all the shares in the association the Government evidently regards money paid to them as synonymous with money paid to the association. If the grant is not going to reach its intended beneficiary it will probably not be paid at all.

There is no denying the problems being faced at Fleetwood. The Vessel Owners' Association employs 118 dockers, far more than is necessary to handle the diminishing work-load at the port. At the beginning of this year 69 trawlers operated from Fleetwood but has since shrunk to 19.

But the men are officially employed by the National Dock Labour Board, a statutory body, and enjoy almost total security of employment. They can only be disposed of voluntarily and would even then be entitled to severance pay averaging £5,000 a man. It would therefore cost the association more than £250,000 to bring its workforce down to a realistic level.

If the association folds the dockers will simply become "unattached," not unemployed. But the 52 other people it employs (mostly in administration) could find themselves on the dole.

It is possible, however, that even if the association sticks by its decision to go into liquidation ancillary facilities at the port could be kept going.

Mr. Davies said some merchants and transporters have expressed their willingness to join in a scheme to take over the association's functions and Wyre Borough Council has authorised a loan or grant (of unspecified amount) to any new organisation set up to land fish.

However, officials went some way towards recognising the special vulnerability of industries dependent on metal such as chrome, manganese, cobalt and platinum. The fear in both industrial and official circles, even if not directly stated, is that United Nations sanctions against South Africa could stop shipments.

Herr Goedde warned that without chrome, specifically, large sections of the special steels industry would be unable to keep working.

The official attitude in Bonn has been to encourage users of potentially scarce materials to build up their own stockpiles to higher levels and to cover the cost of this themselves.

## German chrome stockpile urged

BY ADRIAN DICKS

DUESSELDORF—The West German Government's reluctance to embark on a policy of stockpiling strategic raw materials was challenged yesterday by one of the country's leading users of scarce metals.

Herr Alfons Goedde, spokesman for the executive Board of Thyssen Edelstahl-Werke, the special steels subsidiary of the Thyssen steel group, called on Bonn to finance a stockpile of chrome equivalent to two years' consumption in order to guard against the political risks to supplies from Southern Africa.

Two years supply of chrome to the West German market would cost something between DM 300m and 400m (£80m to £107m), to which would have to be added interest costs and storage charges.

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## Pressure over cotton export ban

By Our Commodities Staff

COTTON BUYERS need to know by the end of next week at the latest whether Pakistan is going to honour its export commitments, Mr. A. J. McBride, chairman of the European Cotton Merchants Association, emphasised yesterday.

Mr. McBride was commenting as a Reader report from Islamabad quoted diplomatic sources as saying that Pakistan will buy cotton on the world market if necessary to fulfil existing export contracts.

However, the report added that the Pakistan Government expected to review the situation in six weeks after assessing the size of this year's cotton crop.

Mr. McBride said a six-week delay was totally unacceptable. Cotton spinners needed to know, prior to the start of January deliveries, whether they would get Pakistan cotton or would have to seek alternative supplies. He pointed out that rumours of Pakistan possibly preparing to buy in cotton from other markets were not the same as a firm statement of policy.

Pakistan announced earlier this month it was banning cotton exports because a poor harvest might mean there were insufficient supplies to meet its domestic requirements.

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## Copper price rise next year forecast

By Our Commodities Editor

WORLD COPPER prices will rise in 1979 to between 80 to 90 cents a pound—an increase of about 10 cents above present levels—Mr. Emonosuke Niwano, president of the Japan Mining Association, forecast in Tokyo yesterday.

Mr. Niwano told Reuters that world copper demand was likely to exceed production by about 200,000 tonnes next year.

This, together with an estimated deficit of 300,000 tonnes in 1978, should substantially reduce world stocks of about 2m tonnes.

Meanwhile, there were unconfirmed reports yesterday that the Andina copper mine in Chile had been flooded and might be out of action for two to three months.

## CEREAL GROWING

# Fair-to-all grain tests needed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

WHEN I STARTED farming it was still the custom for some Whitehall farmers to take a sack of wheat weighing 28 cwt to Salisbury Market Hall.

This sack represented the bulk of the farmer's parcel, and delivery would be made on the basis that the bulk was up to sample.

It was a fairly cumbersome procedure and fell out of favour at the end of the thirties, to be replaced by a small sample in an envelope or sample bag. On this the deal was made and as long as the delivered grain was up to the standard of the sample nothing more was needed.

There were, of course, disputes. Grain in store can deteriorate, or the samples might not have been fully representative. But on the whole the system worked well.

It took about 10 years ago the buyers worked by eye and experience. Milling wheat, for instance, was judged by what the miller called "strength"—a mysterious appearance of the grain—together with his assessment of gluten, the element in wheat which causes dough to rise. The test for this was simply a matter of chewing the grain, and the buyer's decision was then final.

But now science has raised its ugly head. Milling wheat is now tested for protein by the Hagberg method which demonstrates millability and gluten content by a series of laboratory tests. Maltster barley is judged on the percentage of nitrogen—the lower the better the quality.

Buyers not only test the original sample but every individual lorry-load is separately tested. If it fails to meet

the criterion of the earlier sample it is rejected.

This can also be most expensive for the farmer. The cost of haulage is becoming astronomical, and the price differential when wheat is downgraded from milling to feeding quality is substantial.

I am not a scientist and I have no idea as to the accuracy of the tests in use. But they do seem to vary. I grew two varieties of milling wheat this year, drew a sample from each and divided each sample into four smaller ones which I sent to four separate buyers.

The protein content of one variety varied from 9.8 to 10.6—the other varied from 9.2 to 10.1. The Hagbergs of both showed a variation from 216 to 260. The very minimum protein standard for breadmaking wheat this year is 1.1, or 10.5.

It was obviously going to be foolish to attempt to sell the high protein wheat on that sample alone. However I did sell the other as soft milling wheat and delivery started. Two loads went in all right and then the other two were down for an absence of gluten.

This upset me considerably as there is no mention of gluten in the contract and as far as I know there is no statutory standard, except that by custom milling wheat has to contain an unspecified amount. There were 120 tonnes in the parcel, and this one load was rejected on this test.

What I can't understand is why one load should go down out of the whole lot and the whole parcel had been treated identically after harvest in drying and cleaning. The grain

was up to sample and on the basis of the protein content would have been enforced and, perhaps, it could still be enforced today. The whole situation is likely to aggravate the misgivings among farmers over the accuracy of the tests against which there appears to be no appeal.

Farmers don't even know if there is a common standard of performance for the testing processes and tolerances within which to work. Not only traders are involved.

It is quite possible that before long sizeable quantities of grain, probably barley, will be sold in to intervention to stop market prices falling too low. Intervention standards are very strict and the stores are often situated a long way from the grower. Although there is a standard delivery charge of about £3 per tonne at present, the return load, if rejected, can cost twice that.

There is also the export trade. Recently there have been rejections on the dockside for various reasons, again leading to greatly increased cost to the grower and bad feeling all round.

Nothing, of course, excuses deliberate delivery by the farmer of grain not up to standard. But if it has been well sampled and is up to standard, the farmer has done his part. He should not, I believe, be penalised as a result of tests which are completely out of his knowledge or control. There is obviously room here for a common and universally agreed testing procedure so that the results do appear to be fair to all.

## Irish act to curb calf exports

BY CHRISTOPHER PARKES

THE IRISH Government has taken action to stem the flood of calves to Italy which has forced prices up to levels too high for Ireland's fatteners and drained away stock needed for domestic beef farms.

The action includes measures to delay shipment, tighter control over the amount of space given each animal in the air transport, and moves which

seem likely to force exporters to establish housing and feeding facilities close to airports.

Mr. John Carr, chief executive of the Irish Livestock and Meat Board (CLB), said he thought the controls would have only a marginal effect on the trade. But Agriculture Minister said shipments might be cut by as much as 50 per cent.

Exports of calves to France and Italy in particular have grown from virtually nil early in the 1970s to 138,000 head this year. Sales took off first in 1975 when the Italians first discovered the Irish reserves of young calves.

Exports then were 75,000 head. The following year sales were 88,000.

## COMMODITY MARKET REPORTS AND PRICES

BASE METALS				
Copper—Futures—London	1978	1979	1980	1981
Jan. 1978	197.5	197.5	197.5	197.5
Feb. 1978	197.5	197.5	197.5	197.5
Mar. 1978	197.5	197.5	197.5	197.5
Apr. 1978	197.5	197.5	197.5	197.5
May 1978	197.5	197.5	197.5	197.5
Jun. 1978	197.5	197.5	197.5	197.5
Jul. 1978	197.5	197.5	197.5	197.5
Aug. 1978	197.5	197.5	197.5	197.5
Sep. 1978	197.5	197.5	197.5	197.5
Oct. 1978	197.5	197.5	197.5	197.5
Nov. 1978	197.5	197.5	197.5	197.5
Dec. 1978	197.5	197.5	197.5	197.5

...and other commodity market reports and prices.



**Jamie is 5 years old, spastic and unable to walk or stand.**

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It wasn't easy. But we're happy to say that Jamie is now being looked after by a warm and experienced couple who are realistic as well as fond of children.

People like Angela Coletta and Jamie's new parents are essential to Barnardo's. Also essential are the funds to enable us to continue. Caring for children demands a great deal of money. Will you help?

Please give your caring isn't enough.

Send your cheque/PO, made payable to Dr. Barnardo's, to: Barnardo's, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

...and other commodity market reports and prices.

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## COCOA

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Jan. 1978	197.5	197.5	197.5	197.5
Feb. 1978	197.5	197.5	197.5	197.5
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## OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

## NOTES

Prices do not include \$ premium, except where indicated, and are in pounds sterling unless otherwise indicated.  
Yields % (shown in last column allow for all basic expenses). \* Offered price, unless otherwise indicated.  
b Today's price, c Yield based on offer price. d Estimated yield. e Total, including commission. f Distribution fee.  
g UK taxes, h Periodic premium insurance plans. i Single premium insurance. j Offer of shares includes expenses except agent's commission. k Offered price includes all expenses, if so, all through money.  
l Previous day's price. m Net of tax on realized capital gains unless otherwise indicated. n Shareholder's price.  
o Shareholder's yield. p Yield before tax. q Excludes gift. r Once dividend is declared the holder



**McEley & Baker**  
ESTABLISHED 1820 IN LONDON  
29 St. George Street, Manchester Square,  
London W1P 3BG  
01-629 9292  
CITY OF LONDON 118 OLD BROAD STREET  
LONDON EC2A 3AR 01-629 3361

# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES—Cont.

1978	Low	High	Stock	Price	Chg.	Yld.	P/E
117	117.00	117.00	117.00	117.00			
118	118.00	118.00	118.00	118.00			
119	119.00	119.00	119.00	119.00			
120	120.00	120.00	120.00	120.00			
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128	128.00	128.00	128.00	128.00			
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136	136.00	136.00	136.00	136.00			
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138	138.00	138.00	138.00	138.00			
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141	141.00	141.00	141.00	141.00			
142	142.00	142.00	142.00	142.00			
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144	144.00	144.00	144.00	144.00			
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146	146.00	146.00	146.00	146.00			
147	147.00	147.00	147.00	147.00			
148	148.00	148.00	148.00	148.00			
149	149.00	149.00	149.00	149.00			
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294</							



1977 December 22

هكذا من النحل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

DAIWA BANK  
Head Office: Osaka, Japan

MINES—Continued

AUSTRALIAN

High	Low	Stock	Price	Chg	Vol	YTD
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14

TINS

High	Low	Stock	Price	Chg	Vol	YTD
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14

COPPER

MISCELLANEOUS

GOLDS EX-£ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only for non-U.K. residents.

NOTES

Notes: These quotations, prices and notes are for information only and are not intended to constitute an offer of securities. They are based on the latest available information and are subject to change without notice. They are not intended to constitute an offer of securities.

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

REGIONAL MARKETS

OPTIONS

3-month Call Rates

PROPERTY

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

DIAMOND AND PLATINUM

CENTRAL AFRICAN

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DIAMOND AND PLATINUM

CENTRAL AFRICAN

REGIONAL MARKETS

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Investment Trusts

Finance, Land, etc.

DIAMOND AND PLATINUM

CENTRAL AFRICAN

REGIONAL MARKETS

OPTIONS

3-month Call Rates

High	Low	Stock	Price	Chg	Vol	YTD
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14

High	Low	Stock	Price	Chg	Vol	YTD
150	148	Acacia 250	148	0	100	14
150	148	Acacia 250	148	0	100	14
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150	148	Acacia 250	148	0	100	14



## Chrysler fears big loss

BY ARTHUR SMITH AND TERRY DODSWORTH

CHRYSLER UK management has warned the trade unions that losses this year might approach last year's £21.5m deficit. The company lost £43m the previous year.

The warning came several days before yesterday's unanimous decision in Paris by shareholders in PSA Peugeot-Citroen, the French motor company, to authorise the necessary capital increase for the takeover of Chrysler Corporation's European interests from the beginning of next year.

The full extent of Chrysler UK's losses this year will not be known until the position becomes clearer in Iran, which takes components worth more than £100m a year.

Delivery of British Chrysler components kits worth mil-

lions of pounds, to be assembled by Iran National, the State-owned car company, has been delayed by political and economic disruption.

Iran's troubles have merely added to those of Chrysler UK, which has been hit by strikes in recent months. Hopes that the company might break even for the first time since the Government rescue in 1975 have been dashed.

The Government is committed this year to meeting only half of any deficit, up to a total of £15m. Should losses exceed that, which on preliminary estimates provided to the trade unions seems likely, it will be for the Chrysler Corporation and PSA Peugeot-Citroen to decide who picks up the bill.

PSA is believed to have indicated that it will continue

to support the UK operation, but there are bound to be reservations about the troubled industrial relations. Chrysler plans to locate a new car at the Ryton assembly plant, Coventry, to go into production towards the end of next year. The vehicle is a derivative of the Alpine, built at Ryton.

The vote of PSA shareholders taken at an extraordinary meeting at the company's headquarters, clears the way to the establishment of Europe's largest motor company, and the world's third largest after General Motors and Ford. PSA said afterwards that the transaction will take effect on January 1, when the Peugeot group formally takes over ownership of Chrysler Europe's interests in France, the U.K. and Spain.

The French company has obtained full approval for the deal from the Governments of all three countries.

Under the contract, PSA is acquiring Chrysler's U.K. and Spanish interests for £230m in cash, and the French business through the issue to Chrysler Corporation of 1.8m new shares worth £200m.

The American group will emerge with a 15.4 per cent share in PSA, in which the Peugeot family holdings will come down to slightly less than 40 per cent, and the Michelin group's to 6.9 per cent.

The American company will receive no dividend on its shares until 1980 but Mr. John Riccardo, its chairman, will join the PSA supervisory board if there are no anti-trust objections in the U.S.

## Times Newspapers: an apology

ON Thursday 14 December we published under the heading "Executives given Thomson stake before oil merger" a summary of an article appearing in the then current issue of the New Statesman. Contrary to what we reported, no Thomson or other shares were at any time given and the value of the arrangements depends entirely on what success the Thomson business achieves in the future.

We entirely accept that there was no insider trading, nor attempts at concealment nor any impropriety whatsoever in these transactions. We apologise to the Thomson executives concerned, particularly Mr. William Rees-Mogg, Mr. Harold Evans and Mr. Marmaduke Hussey for distress and damage occasioned.

## THE LEX COLUMN

# Creamier days at Unigate

Index same at 478.2

The sharp upsurge in Unigate's shares in the second half of 1977-78 caught the stock market off guard and there was a tendency to dismiss it as just a flash in the pan from a company with a pretty mediocre profit record. However, a 59 per cent jump in interim pre-tax profits to £15.1m in the current financial year underlines the fact that Unigate appears to be moving on to a higher level of profitability. Even if there is no growth in the second half, pre-tax profits for the full year should rise to £37m (against £23.1m) and it is more than likely that they will top £40m.

The first point to make about the company's improved performance is that it is recovering from a very depressed level. In the first six months of last year, Unigate, which produces half of the UK's butter and a third of its cheese, was suffering from fierce foreign competition. This has abated, and although volumes are hardly changed, Unigate has been able to improve its margins. For a group with an annual turnover of over £1bn, this is a significant achievement.

Lord Denning's rejection of the appeal turned on the interpretation of Section 13 of the Trade Union and Labour Relations Act, 1974, which has provided legal immunity for trade union sympathy action if it is done "in furtherance" of a trade dispute. He said: "It is not sufficient that there should be intent alone to further, advance, help or encourage the union side with a trade dispute. There must be a reasonable prospect or capability of advancing the cause in order for it to be given immunity."

Lord Denning acknowledged that this test of the furtherance clause of the Act was a new point of law. It was agreed by the other sitting law lords, Lord Justice Lawton and Lord Justice Barends. Some labour lawyers said the new limitation yesterday as the most important restriction on trades union activity that the courts had imposed for years. Times appeal for more negotiations. Page 6

between 1973 and 1976, are now rising quite healthily. At the pre-tax level, profits are 44 per cent higher at £9.8m and after adding in the unchanged disclosed after-tax bank profits, attributable earnings are up by just under a third at £6.8m.

Charterhouse operates in a number of cyclical industries and has to bear a heavy financing charge, so profits tend to oscillate quite sharply. Over the past 12 months, the Group's Charcon businesses have been turned round into profit (worth over £1m) and the Newage engineering side has performed "outstandingly well". In addition, the first North Sea oil began to flow through into profits last year but whereas it was originally expected to chip in perhaps £1m, the problems at Thistle resulted in a significantly lower figure than that. At 43p, the shares yield 8.7 per cent and profits could be up by a fifth in the current year.

## Chinese bonds

Staid conventional investors may have preferred to spend the week at Christmas parties but the Stock Exchange has been enlivened by steady fringe speculative demand for Chinese bonds, which has pushed an issue such as the five per cent Boxer 1925 up to £20 from £12. The buying is sustained by the improvement in Western relations with China, by the increasing Chinese need to borrow from the West, and by the startling report of growth of collectors' interest in the bearer certificates.

The argument runs as follows: only £60m nominal of Chinese bonds are listed, and £60m is not quite the figure it was in the real terms back in 1910. Many of these bonds must have disappeared. The Chinese could underwrite their creditworthiness, having moved sideways

spending no more than say £30m on the redemption. And if they think the proper time, the authorities can always be sold through Stanley Gibbons.

Collectors are naturally most interested in the smaller issues such as the 11 per cent 1908 gold loan (redeemed), of which only £25,000 is listed. This has traded up to 25 per cent. The Home Railways 1910 five per cent 1905, which must have exceptional aesthetic attractions, is quoted above par and would not be worth redeeming unless the Chinese were to throw in half a century's interest.

In nominal terms, several hundred thousand pounds of bonds have changed hands in the past week. But the market level of around 20 per cent of par for these issues, far from being enough to appeal to collectors, still leaves a long odds against immediate redemption, after all, the bonds were issued by the Nationalist Government in 1925 and the Communists have a good excuse for disclaiming responsibility.

Composers of the obscure "Red Bonds" may be attracted by the grip issued in their own interest just before the Nationalists stopped trying to keep up with debt servicing. This means that the bonds are repaid by the Chinese, who have a legalistic tradition and a keen record as borrowers. The Sung dynasty pioneered paper money, may be astonished by the

## Trafalgar House

According to the annual report, the number of UK employees of Trafalgar House has risen over £10,000 a year since 1974 to 145 last year, reflecting its move into Fleet Street. The new publishing division is expected soon to be contributing substantial profits. But in shipping Trafalgar suggests that it will be next year, before a reasonable level of profits can be reached.

## Government acts to save Marathon shipyard

BY RAY PERMAN, SCOTCH CORRESPONDENT

THE GOVERNMENT is acting to save the U.S.-owned Marathon Shipbuilders' oilrig building yard at Clydebank by placing an order, for the second time in two years.

A company is being set up jointly by the Scottish Office, the British National Oil Corporation and the Gas Corporation to negotiate for a jack-up rig, which could cost between £14m and £17m.

It will be used by the two State concerns for drilling in British waters, but the company will also try to find commercial contracts for periods when they have no use for it.

Finance will be provided by the Ship Mortgage Finance Company, a private lender which entered into an arrange-

ment with the Department of Industry in 1973, under the provisions of Section 10 of the Industry Act to make ship loans at concessionary rates.

The Government will guarantee the borrowing, terms of which will depend on the import content of the new structure.

Marathon has been out of work since it completed the second of two rigs for Penrod Drilling of the U.S. Redundancy notices began to be issued to the 1,100 workers at the beginning of the week.

The new arrangement has been made at the prompting of Mr. Bruce Millan, the Scottish Secretary, and Dr. Dickson Mabb, the Energy Minister, who are anxious to avoid further unemployment at Clydebank. The town is already

under threat of the closure of Singer's sewing machine works. Originally it was suggested that the National Coal Board should join the consortium, but it declined, saying that its limited programme of offshore drilling for coal could be adequately carried by contractors.

The six of the Government's commitment and the number of jobs the new order will secure at Marathon will not be known until negotiations on specifications and price of the rig are complete, and it is seen how much use there is for it. Rigs built at Clydebank are suitable only for shallow water drilling.

In 1976 the Scottish Office, using BNOC as its agent, ordered a speculative rig to preserve employment at Marathon. It was later sold to Penrod.

## Express appeal lost by journalists' union

BY PHILIP BASSETT, LABOUR STAFF

THE National Union of Journalists failed yesterday to reverse a High Court decision which the TUC considers will severely restrict the freedom of trade union members to take sympathy action in industrial disputes.

The Court of Appeal under Lord Denning, Master of the Rolls, refused the union leave to appeal against its decision to the House of Lords.

The union was appealing against a decision by Mr. Justice Lawson to grant an injunction to Express Newspapers ordering the NUJ to lift its instruction to Express group journalists to black copy from the Press Association news agency.

The NUJ will today discuss its next move with the TUC, which is prepared to finance an appeal to the Lords. Mr. Len Murray, general secretary, said after the High Court judgment last week that the case involved "a matter of great importance to the trade union movement generally."

The instruction to black Press Association copy was given to all NUJ members on national

newspapers, radio and television stations in support of an official strike by 9,000 provincial jour-

nalists. Lord Denning's rejection of the appeal turned on the interpretation of Section 13 of the Trade Union and Labour Relations Act, 1974, which has provided legal immunity for trade union sympathy action if it is done "in furtherance" of a trade dispute.

He said: "It is not sufficient that there should be intent alone to further, advance, help or encourage the union side with a trade dispute. There must be a reasonable prospect or capability of advancing the cause in order for it to be given immunity."

Lord Denning acknowledged that this test of the furtherance clause of the Act was a new point of law. It was agreed by the other sitting law lords, Lord Justice Lawton and Lord Justice Barends. Some labour lawyers said the new limitation yesterday as the most important restriction on trades union activity that the courts had imposed for years. Times appeal for more negotiations. Page 6

## Court ruling gives councils right to ban heavy lorries

BY LYNTON McLAINE

LOCAL AUTHORITIES throughout Britain were given the go-ahead yesterday to impose selective bans on heavy lorries.

That is the effect of a High Court ruling yesterday by Mr. Justice Neill that an application from road hauliers to end a lorry ban imposed by Berkshire County Council should be dismissed. The hauliers will not appeal.

The Berkshire ban has been in force for seven months. The industry claims its ban has added at least £200,000 to lorry operating costs by forcing detours around Windsor.

Hauliers, led by the Freight Transport Association, the Road Transport Association and the National Farmers Union, which jointly brought the action against Berkshire, reacted angrily to the judgment last night. They are to pay the £10,000 costs of the action.

## Weakened

Cumbria County Council, which has been planning a similar ban on heavy lorries for some months, said last night proposals concerning a stretch of the A591 between Kendal and Keswick near Thirlmere would be published early in the New Year.

Other counties may follow, including West Yorkshire County Council, which has considered a ban on heavy lorries over 13 bridges in Leeds.

Mr. Richard Turner, the controller of planning and traffic services at the Freight Transport Association, said the ruling "seriously weakened industry's safeguards against future bans on essential delivery vehicles."

The legal ruling cleared the way for local authorities to exercise total discretion under the law to regulate heavy traffic in any way they see fit, while hauliers had no right of redress at all," he said.

Hauliers wishing to make deliveries at short notice in the Windsor area are effectively banned from entering the area by the Berkshire ruling that only permit holders may pass road check points. The association claims the permits were issued on an "entirely arbitrary" basis, and the criteria were not published.

The Berkshire ban was introduced in June under the Road Traffic Regulations Act 1967 and the five year old Heavy Commercial Vehicles Act. This allows lorries to be banned on amenity grounds. The Berkshire ban applies to

most goods vehicles over five tons laden weight. Petrol, fuel oil and milk tankers, animal lorries, breakdown trucks, tractors and read-mixed concrete vehicles are exempt. But other heavy vehicles which have not been granted a free access permit by the council are baner from one 25 yard and 11 30 yard stretches of road in and around Windsor.

## Affected

The ban has affected commercial traffic over 40 square miles. The road hauliers argue that, by not specifying the total area to be affected by the ban, the council was breaking the law. But the judge ruled that the Act required only the specific roads affected to be named in the banning order.

The hauliers also said the law imposed a duty on councils to maintain reasonable access to areas affected by a ban. But the Act only pointed to the "desirability" of maintaining such access.

Finally, the hauliers attacked the arbitrary use of permits, but the judge ruled that the Act was wide enough to allow the council to introduce discretionary permits as they saw fit.

Continued from Page 1

## Callaghan and CBI

organisation is thought to be under consideration by the Government.

Mr. Healey also announced that the confederation is to hold talks on the economy with Ministers in coming months in parallel with the similar exercise agreed this week with the TUC.

The Government's main achievement this week has been its restored relations with leaders of both sides of industry.

Mr. Healey said yesterday that his talks with the TUC on Tuesday had "restored the status quo ante" after the TUC's rejection of the joint statement with the Government on pay last month. Yesterday's talks built a new accord with leading industrialists after the Government's decision to abandon pay sanctions.

However, no detailed initiatives were produced, although the confederation and the TUC have agreed with the Government that there is no sign of a rapid increase in the levels of pay rises. "I don't myself believe there is going to be a pay explosion and neither do the TUC or CBI," Mr. Healey said last night.

Mr. Healey said on Welsh television this week that "providing we can keep inflation down, I ought to be able to cut income tax." His remarks fol-

lowed warnings, repeated yesterday, that he might have to take strong fiscal measures if there is a wage explosion.

The confederation emphasised that, since most of the winter's pay deals in private industry had been within the Government's guidelines, it was up to the Government not to allow the public sector to break ranks.

It acknowledged the difficulties of persuading low-paid workers in local councils and similar areas to accept low rises. It urged that cash limits be maintained and that comparability claims should not be studied on an ad hoc basis simply to buy industrial peace.

Later Mr. Healey emphasised that comparability exercised could only provide facts for subsequent pay negotiations and that any large increases might have to be in stages rather than in one settlement.

"The unions must persuade an employer to pay. We are not going to force anyone and the Government has made no commitment about the five per cent limit," Mr. Healey said.

The exercise could only be on the basis of "comparable pay for comparable work, comparing like with like." The Government would "oppose efforts to settle large groups of public sector workers with different jobs in large ad hoc groups in the private sector."

## Bank lending to industry drops

BY MICHAEL BLANDEN

INDUSTRY'S demand for bank finance slackened significantly in the three months to mid-November, the latest breakdown of lending published by the Bank of England shows.

The overall lending level nevertheless continued to expand sharply, in spite of the restraints imposed by the official corset controls on the growth of bank interest-bearing deposits.

The Bank reported that total sterling advances to UK residents rose by £310m between mid-August and mid-November. Of this, £667m was lent to the private sector.

However, the Bank calculated that seasonal influences would have depressed lending during the period by almost £200m. Allowing for these factors, therefore, the underlying increase in lending would have been around £850m—not far short of the adjusted £950m recorded in the previous three months.

The Bank pointed out at the same time that lending by acceptance credits—company bills backed by banks—slackened sharply. In the previous three months, acceptances jumped by £829m, largely reflecting the distortions introduced into the banking system as a result of the corset controls.

In the November period, however, the rise was a relatively modest £221m, as the pressure for the banks to switch lending out of advances into other forms of credit eased due to their success in returning below the corset ceilings.

The total increase in sterling lending before allowing for seasonal adjustments was mainly in loans to the services, personal sectors, and to the other production category.

Advances to the manufacturing sector, however, rose only marginally by £38m, or 0.5 per cent. The figure was depressed by further repayments of bank

borrowing by BL—formerly British Leyland—after the second tranche of the company's rights issue.

Lending to chemicals and allied industries advanced by £188m, or 15 per cent. But there was a fall in borrowing by textiles, leather and clothing. Advances to manufacturing industry had risen much more strongly in the previous three months. The Bank pointed out that taking the last six months as a whole, borrowing by manufacturers rose by 8 per cent, compared with an increase of 6 per cent in the previous six months.

In the services sector, the highest rises were in retail distribution, up by £115m or 7 per cent, and in public utilities, local and national government, where there was an increase of £127m or 20 per cent.

Lending to the personal sector, other than for house purchase, increased by £199m or 5 per cent.

## Weather

UK TODAY  
SLEET or snow, and cold generally. Brighter in western areas.

London, S.E., E., N.E. England, E. Anglia, Highlands, Scottish

## BUSINESS CENTRES

	Y'day	Today	Y'day	Today
Amsd.	18	18	18	18
Amst.	18	18	18	18
Brussels	18	18	18	18
Frankf.	18	18	18	18
Hamburg	18	18	18	18
London	18	18	18	18
Madrid	18	18	18	18
Moscow	18	18	18	18
Paris	18	18	18	18
Rome	18	18	18	18
Stockh.	18	18	18	18
Switz.	18	18	18	18
Tokyo	18	18	18	18
Wash.	18	18	18	18
Zurich	18	18	18	18

Islands, E. S. Scotland  
Cloudy, occasional rain or sleet. Max. 4C (39F).

Cent. S. N.W., S.W. England, Midlands, Wales, Lakes, Cent. Scotland, I. of Man, N. Ireland

Dry, with bright intervals. Max. 3C (37F).

## HOLIDAY RESORTS

	Y'day	Today	Y'day	Today
Ajaccio	18	18	18	18
Amst.	18	18	18	18
Brussels	18	18	18	18
Frankf.	18	18	18	18
Hamburg	18	18	18	18
London	18	18	18	18
Madrid	18	18	18	18
Moscow	18	18	18	18
Paris	18	18	18	18
Rome	18	18	18	18
Stockh.	18	18	18	18
Switz.	18	18	18	18
Tokyo	18	18	18	18
Wash.	18	18	18	18
Zurich	18	18	18	18

# The Charterhouse Group Second Interim Report

## Change of year end

The Annual Report and Accounts for 1978 will be for the fifteen months ending 31st December 1978. The Preliminary announcement of the Group's results will be in April 1979.

## Second Interim Dividend

The Directors have declared a second interim dividend of 2.2405p (1977 final 2.775p) per fully paid ordinary share, making a total for the twelve months ended 30th September 1978 of 5.6905p (1977—5.355p). These dividends will together absorb £3,545,000 (1977—£3,072,000). The second interim dividend will be paid on 23rd February 1979 to shareholders on the register on 26th January 1979. The Directors will be recommending the payment of a final dividend in April 1979 to be paid in June 1979.

## Results

£'000	6 months ended	6 months ended	12 months ended	12 months ended
	31.3.78	30.9.78	30.9.78	30.9.77
The Group excluding the bank				
Profit before interest payable	6,130	9,145	15,275	11,978
Interest payable	2,535	2,954	5,469	5,170
Profit before taxation	3,595	6,211	9,806	6,808
Taxation	1,092	2,141	3,236	2,350
Profit after taxation	2,503	4,070	6,570	4,458
The bank				
Profit after taxation and transfer to inner reserve	405	426	831	815
Group profit after taxation	2,908	4,496	7,401	5,273
Minority shareholders' interest	345	252	597	532
Profit after taxation attributable to the company	2,563	4,244	6,804	4,741

The unaudited results for the twelve months ended 30th September 1978 (excluding the bank) showed a 44 per cent increase in pre-tax profit. The increase in the Group's attributable profit after taxation was 32 per cent. The profit of the bank, Charterhouse Japhet, is shown after tax and transfer to inner reserve. This presentation is in line with the bank's own published accounts and will be followed in the Group's Annual Report for 1978.

Copies of the Interim Report of The Charterhouse Group Limited are obtainable from Group Communications Dept. The Charterhouse Group Limited, 2 Paternoster Row, St. Pauls, London EC4M 3DF. Telephone 01-567 1111.

# CHARTERHOUSE

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